The MetroHealth System
(A Component Unit of Cuyahoga County)

Financial Report
December 31, 2024

OHIO AUDITOR OF STATE
KEITH FABER

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Columbus, Ohio 43215
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Audit and Compliance Committee
MetroHealth System
5410 Lancaster Dr.
Brooklyn Heights, OH 44131

We have reviewed the *Independent Auditor's Report* of the MetroHealth System, Cuyahoga County, prepared by Plante & Moran, PLLC, for the audit period January 1, 2024 through December 31, 2024. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The MetroHealth System is responsible for compliance with these laws and regulations.

KEITH FABER
Ohio Auditor of State

Tiffany L Ridenbaugh

Tiffany L Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

June 27, 2025

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Independent Auditor's Report

To the Audit and Compliance Committee
The MetroHealth System

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of The MetroHealth System (the "System"), a component unit of Cuyahoga County, Ohio, as of and for the year ended December 31, 2024 and the related notes to the financial statements, which collectively comprise the System's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and the aggregate discretely presented component units of The MetroHealth System as of December 31, 2024 and the changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the System and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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To the Audit and Compliance Committee
The MetroHealth System

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of System's pension contributions, schedule of System's proportionate share of the net pension liability, schedule of System's OPEB contributions, and schedule of System's proportionate share of the net OPEB asset (liability) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise The MetroHealth System's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"), is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

To the Audit and Compliance Committee
The MetroHealth System

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2025 on our consideration of The MetroHealth System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The MetroHealth System's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The MetroHealth System's internal control over financial reporting and compliance.

Plante & Moran, PLLC

March 26, 2025

Management's Discussion and Analysis

This section of The MetroHealth System's (the System) annual financial report presents management's discussion and analysis (MD&A) of the System's financial performance and provides an overall review of the System's financial position and activities as of and for the year ended December 31, 2024. This discussion should be read in conjunction with the accompanying financial statements and footnotes. The discussion and analysis, while covering two years, is designed to focus on current year activities.

Overview of the Financial Statements

The System is the public health care system for Cuyahoga County, Ohio (the County) and includes four hospitals, four emergency departments, and a network of urban and suburban health care sites. The System is home to Cuyahoga County's most experienced Level I Adult Trauma Center, and Ohio's only adult and pediatric trauma and burn center. As an academic medical center, each active staff physician holds a faculty appointment at Case Western Reserve University's School of Medicine. The System's main campus hospital houses the Cleveland Metropolitan School District's Lincoln-West School of Science & Health, the only high school in the United States located inside a hospital.

The MetroHealth System is established and operated pursuant to Chapter 339 of the Ohio Revised Code and governed by a Board of Trustees. The members of the Board of Trustees are appointed pursuant to Chapter 339 of the Ohio Revised Code.

In accordance with Governmental Accounting Standards Board (GASB) Codification Section 2100: *Defining the Financial Reporting Entity*, the System's financial statements are included, as a discretely presented component unit, in the Cuyahoga County's Annual Comprehensive Financial Report (ACFR). A copy of the ACFR can be obtained from Cuyahoga County Fiscal Officer, Reserve Square, 2079 East Ninth Street, Cleveland, Ohio 44115.

In accordance with GASB Codification Section 2100: *Defining the Financial Reporting Entity*, and Section 2600: *Reporting Entity and Component Unit Presentation and Disclosure,* The MetroHealth Foundation, Inc. (Foundation) and CCH Development Corporation (CCH) are classified as discretely presented component units in the System's financial statements. The Foundation and CCH are 501(c)(3) nonprofit organizations supporting the System through fundraising and economic development. The Foundation and CCH are not included in Management's Discussion and Analysis but are included in greater detail in the financial statements and accompanying footnotes. In addition, Recovery Resources, MetroHealth Ventures LLC, MetroHealth Holdings LLC, MHS Purchasing LLC, Lumina Imaging, Select Assurance Captive LLC and Collaborative Care Partners, LLC are presented as blended component units whose financial activity is included within the activities of the System.

The System's financial statements consist of three statements – Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; and Statement of Cash Flows. These financial statements and related notes provide information about the activities of the System.

The System is accounted for as a business-type activity and presents its financial statements using the economic resources measurement focus and the accrual basis of accounting. Revenue is recognized in the period in which it is earned, and expenses are recognized in the period in which they are incurred.

Overview of the Financial Statements (Continued)

The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position report the System's total net position and is one measure of the System's financial health. Over time, increases or decreases in the System's net position can be an indicator of whether its financial health is improving or deteriorating. Included in assets, liabilities, deferred inflows of resources, and deferred outflows of resources is the impact of the recognition of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* These should be considered when evaluating the overall changes in net position. Other nonfinancial factors, such as changes in the System's patient base, changes in legislation and regulations, measures of the quantity and quality of services provided to its patients, and local economic factors should also be considered to assess the overall financial health of the System.

The Statement of Cash Flows reports cash receipts, cash payments and net changes in cash and cash equivalents resulting from defined types of activities. It provides answers to questions such as what sources provided or expended cash during the reporting period.

(Dollars in Thousands)

The System's Net Position

A summary of the System's Statement of Net Position as of December 31, 2024 and 2023 is presented in Table 1.

Table 1
The MetroHealth System
Statements of Net Position

	2024	2023
Assets:		
Current assets	$ 380,554	$ 451,276
Investments	584,195	536,909
Restricted assets	119,444	75,867
Capital assets, net	1,202,545	1,234,442
Right-of-use assets	117,316	103,479
Other assets	17,748	31,535
Total assets	2,421,802	2,433,508
Deferred outflows of resources	372,329	523,837
Liabilities:		
Current liabilities	245,142	270,432
Long-term liabilities	2,134,188	2,253,924
Total liabilities	2,379,330	2,524,356
Deferred inflows of resources	36,258	19,603
Net position:		
Net investment in capital assets	243,333	249,645
Restricted, debt service payments	10,194	15,165
Restricted, capital asset use	2,050	2,250
Restricted, program activities	6,551	6,087
Restricted, nonspendable	1,550	1,550
Restricted, net pension and net OPEB assets	55,328	13,265
Unrestricted	59,537	125,424
Total net position	$ 378,543	$ 413,386

Significant changes in the System's total assets, deferred outflows of resources, total liabilities, deferred inflows of resources, and net position occurred beginning in 2015 as a result of the implementation of GASB Statement No. 68. Under the standard, the net pension liability and asset equals the System's proportionate share of each plan's collective present value of estimated future pension benefits attributable to active and inactive employees' past service minus the plan assets available to pay those benefits.

(Dollars in Thousands)

The System's Net Position (Continued)

In 2018, The System implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* further impacting the System's total assets, deferred outflows of resources, total liabilities, deferred inflows of resources, and net position. Other postemployment benefits (OPEB) consist primarily of postemployment healthcare and under the new standard, the Net OPEB asset (liability) equals the System's proportionate share of the plan's collective present value of estimated future OPEB benefits attributable to active and inactive employees' past service minus the plan assets available to pay those benefits.

Pension and OPEB adjustments are recorded on an annual basis using the results from the Ohio Public Employees Retirement System (OPERS) actuary reports. In Ohio, employer contributions to the State's cost-sharing multi-employer retirement systems are established by statute. These contributions are payable to the retirement systems one month in arrears and constitute the full legal claim on the System for pension and OPEB funding. Although the asset and liability recognized under GASB Statements No. 68 and 75 meet the GASB definition of an asset and liability in its conceptual framework for accounting standards, in Ohio there is no legal means to enforce the underfunded liability of the pension system against the public employer, and the employer cannot direct the use of pension system assets. Additionally, there are no cash flows associated with the recognition of net pension and net OPEB assets and liabilities, deferrals and expenses beyond the requirement to make statutory contributions. End users of the financial statements will gain a clearer understanding of the System's actual financial condition by excluding the pension and OPEB related amounts from the recorded net position, as shown below in Table 2.

Table 2
The MetroHealth System
Net Position Excluding Pension and OPEB Related Amounts

	2024	2023
Net position:		
Net position, as reported in the Statement of Net Position	$ 378,543	$ 413,386
Plus:		
Net pension liability	960,741	1,037,575
Net OPEB liability	-	25,200
Deferred inflows related to pensions	11,211	2,570
Deferred inflows related to OPEB	23,594	9,257
Less:		
Net pension asset	(17,593)	(13,265)
Net OPEB asset	(37,735)	-
Deferred outflows related to pensions	(337,694)	(445,666)
Deferred outflows related to OPEB	(33,698)	(76,995)
Total net position, excluding pension and OPEB related amounts	$ 947,369	$ 952,062

In Ohio, the employee shares the obligation of funding pension and other postemployment benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly, and approval of the Governor. Benefit provisions are also determined by State statute. Additional information on the standards and their impact is available in the notes to the financial statements.

The System's Net Position (Continued)

Effective for the System beginning in 2023, a new accounting standard, GASB Statement No. 96 *Subscription-Based Information Technology Arrangements* has been implemented. The objective of GASB Statement No. 96 is to improve the accounting and financial reporting of subscription-based vendor-provided information technology arrangements (SBITAs) by establishing uniform accounting and financial reporting requirements for SBITAs; improving the comparability of financial statements among governments that have entered into SBITAs; and enhance the understandability, reliability, relevance, and consistency of information about SBITAs. The standard requires all SBITAs except for those classified as short-term, to be treated similarly to leases under current accounting standards, with additional provisions for accounting for payments associated with preliminary project, initial implementation, and operational and additional implementation stages. Short-term SBITAs are defined as those that have a maximum possible term of 12 months or less, including any options to extend, regardless of the probability the option will be exercised. Short-term SBITAs do not fall within the scope of GASB Statement No. 96, and subscription expense is recognized as incurred.

SBITAs which fall within the scope of GASB Statement No. 96 are classified similarly to leases which requires a software subscription user to recognize a SBITA liability and corresponding right-of-use asset. At the commencement of the subscription term, the SBITA liability is measured at the present value of the lease payments. The right-of-use assets are amortized over the shorter of their useful life or the subscription term. Expense associated with software subscriptions are now recognized as amortization and interest as compared to prior years in which software service contracts was recognized within the Purchased Services line of the Statement of Revenues, Expenses, and Changes in Net Position.

Total assets decreased by $11,706 from 2023, primarily driven by decreases in current assets of $70,722 due to a reduction in cash and timing of other receivable payments during the period, and in capital assets of $31,897 related to depreciation on buildings and equipment being placed into service during the year. These decreases were partially offset by increases in the net pension and OPEB assets of $42,062 resulting from the GASB Statement No. 68 & GASB Statement No. 75 actuarial adjustments and an increase in investments of $47,286 due to strong market performance.

In 2024, deferred outflows of resources decreased $151,508 and deferred inflows of resources increased by $16,655, both due to the GASB Statements No. 68 and No. 75 actuarial adjustments. Total liabilities decreased by $145,026. Fluctuations in liabilities balances are primarily attributed to the GASB Statement No. 68 net pension liability decrease of $76,834, the GASB Statement No. 75 net OPEB liability decrease of $25,200, and a decrease in payroll and OPERS-related liabilities of $32,707.

In 2024, the System's overall net position decreased by $34,843 from 2023. The GASB Statement No. 68 actuarial pension adjustment of ($35,452), and the GASB Statement No. 75 actuarial OPEB adjustment of $5,301 contributed to this decrease, as the operating results prior to the GASB adjustments only decreased net position by $4,693.

Capital Assets, Debt and Transformation

Capital Assets

The System had $1,202,545 and $1,234,442 invested in capital assets, net of accumulated depreciation at December 31, 2024 and 2023, respectively. Capital assets decreased by $31,897 due primarily to construction-in-process buildings being placed into service during the year and recognizing their associated depreciation. The System acquired or constructed capital assets in the amount of $44,188 and $114,536 during 2024 and 2023, respectively.

The System's Net Position (Continued)

Debt

The System had $1,023,567 and $1,036,641 in bonds, capital lease, and loan obligations outstanding at December 31, 2024 and 2023, respectively.

Transformation

The System has embarked on a large-scale transformation project that includes a reconstruction of its aging main campus. Many of the existing hospital structures were constructed more than 60 years ago and, for decades, have been repaired, rehabilitated or replaced episodically. It was determined that the cost to maintain and utilize the existing structures is greater than the costs to be incurred to replace those components with new facilities that are sized, configured and equipped to more effectively, efficiently and reliably deliver care.

In October 2024, MetroHealth Board of Trustees voted to spend an additional $93,000 to finish the Outpatient Health Center building and $40,000 to renovate the Outpatient Pavilion, with both projects slated to open to patients in early 2026. The Outpatient Health Center building will add significant ambulatory operating and clinical spaces and the Outpatient Pavilion renovation will enhance patient services and community-facing functions.

Operating Results and Changes in the System's Net Position

The System's annual results, as presented in Table 3, are measured for the purposes of System management, the System's Board of Trustees and a wide range of other users of the audited financial statements as they enhance the usefulness of the statements, and the understandability of the System's financial and operating performance. The presentation of the County funding, Stimulus funding and the GASB Statement No. 68 pension and GASB Statement No. 75 OPEB adjustments in Table 3 will provide the end users of the audited financial statements a clearer understanding of the System's actual financial condition.

In 2023, County funding was recorded within total operating revenues. The county funding is sustained through the Health and Human Services tax levies which aid our most vulnerable citizens: children, seniors, families and people in crisis across Cuyahoga County. The System makes an integral contribution to meeting the health, safety and welfare needs of County residents though the provision of health care services and its participation in community health programs. The county funding was therefore included in the other revenue category within the total operating revenues as it supported MetroHealth's principal ongoing operations as a public health system. Effective 2024, the System entered into a charity care services agreement with the County, which replaces the prior funding arrangement, and is included in Net patient service revenue.

Operating Results and Changes in the System's Net Position (Continued)

The GASB Statement No. 68 actuarial pension adjustment and the GASB Statement No. 75 actuarial OPEB adjustment that are non-cash transactions, have been presented in the non-operating section of the financial statements as separate line items within the change in net position. While the assets and liabilities recognized under GASB Statements No. 68 and 75 meet the GASB definition of an asset and liability in its conceptual framework for accounting standards, in Ohio there is no legal means to enforce the underfunded liability of the pension system as against the public employer, and the employer cannot direct the use of the pension system assets. Additionally, there are no cash flows associated with the related expenses. The Ohio Revised Code (section 145.48) provides statutory authority for employee and employer contributions and rates are capped by State statute. For the years ended December 31, 2024 and 2023, the employee contribution rate was 10.0% of covered payroll and the System was required to contribute 14.0% of covered payroll for all covered benefits. As such, the System's pension and OPEB plan cash contributions are presented in the operating expenses in the financial statements below which represent the System's statutorily required contributions for 2024 and 2023.

(Dollars in Thousands)

Operating Results and Changes in the System's Net Position (Continued)

Table 3
The MetroHealth System
Statements of Revenues, Expenses and Changes in Net Position

	Years Ended December 31, 2024	2023
Operating Revenues		
Net patient service revenue	$ 1,376,489	$ 1,257,523
County funding	-	32,400
Other revenue	581,170	522,437
Total operating revenues, including county funding	1,957,659	1,812,360
Operating Expenses		
Salaries and wages	906,600	856,993
Employee benefits	244,865	214,087
Purchased services	133,626	118,646
Medical supplies	134,793	115,289
Pharmaceuticals	297,756	239,624
Plant operations	44,446	40,409
Non-medical supplies	17,405	17,383
Other expenses	82,630	80,396
Depreciation and amortization	97,196	101,840
Total operating expenses, excluding pension and OPEB actuarial adjustments	1,959,317	1,784,667
Operating (loss) income, excluding pension and OPEB acturial adjustments	(1,658)	27,693
Non-Operating Revenues (Expenses)		
Net investment income	54,472	54,086
Other non-operating (expense) revenue	(785)	4,730
Noncapital grants and donations	4,576	4,728
Grant expenses and support	(4,576)	(4,728)
Interest expense	(56,763)	(56,650)
Total non-operating revenues (expenses)	(3,076)	2,166
(Loss) income before pension and OPEB actuarial adjustments, and capital grants and gifts	(4,734)	29,859
OPERS actuarial pension adjustment	(35,452)	(80,398)
OPERS actuarial OPEB adjustment	5,301	41,848
Capital grants and gifts	42	1,299
Change in net position	(34,843)	(7,392)
Total net position - beginning of year	413,386	420,778
Total net position - end of year	$ 378,543	$ 413,386

Operating Results and Changes in the System's Net Position (Continued)

In 2024, total operating revenues increased $145,299 or 8.0%. Net patient service revenue increased $118,966, while other revenue increased $58,733.

The increase in net patient revenue of 9.5% was driven by an increase in the volumes of various clinical services. Discharges increased 2.9%, surgical volumes increased 3.6%, emergency visits increased 6.3%, and patient days increased 3.0% from 2023 results. In-person outpatient visits increased 9.5%, while telehealth increased 27.4%, resulting in an overall increase in total outpatient visits of 10.8%. Also included in net patient revenue is $35,000 related to the charity care services agreement with the County that was included within County funding in 2023.

Net patient service supplemental program revenues including Accountable Care Organization Realizing Equity, Access, and Community Health Model (ACO Reach), Hospital Franchise Fee Program (HFF), and Care Innovation and Community Improvement Program (CICIP), decreased as compared to 2023 levels. Capitation amounts related to ACO Reach were $40,573 while the estimated amount related to the Cost Coverage Add-on (CCA) program, which adds to the System's base rate for each Medicaid inpatient discharge and outpatient service, was $55,658 in 2024. The ACO Reach, HFF, and CICIP programs are discussed in further detail in the System's financial statement notes.

Other operating revenue increased $58,733 or 11.2% from 2023 primarily due to increased retail pharmacy operations, partially offset by a decrease in grant revenue.

Total operating expenses, excluding pension and OPEB actuarial adjustments, increased by 9.8% from 2023 primarily due to increased salaries and wages, employee benefits, pharmaceuticals, medical supplies, and other expenses, including franchise fees. The increase in pharmaceuticals expense was directly attributed to growth in retail pharmacy operations and lower reimbursement rates while the increase in medical supplies was driven by the increased emergency visits, surgical volumes and in-person outpatient visits.

In 2024, salaries and wages increased 5.8% as compared to the prior year. This increase is attributed to an increased number of employees. In 2024, employee benefits increased 14.4% with an increase in employee health plan costs.

Non-operating revenues and expenses decreased $5,242 in 2024 as compared to 2023 due largely to a decrease in other non-operating revenue resulting from the System divesting its ownership interests in both Senior & Rehab Care at MetroHealth LLC and Visiting Nurse Association Healthcare Partners of Ohio during 2024.Other non-operating revenues and expenses include net investment income, noncapital grants and donations, grant expenses and support, joint venture equity gains and losses and other non-operating revenue.

Operating loss, excluding pension and OPEB actuarial adjustments was $1,658 in 2024 as compared to income of $27,693 in 2023, a decrease of $29,351 or 106.0%. Loss before pension and OPEB actuarial adjustments, and capital grants and gifts was $4,734 in 2024 and income was $29,859 in 2023, a decrease of $34,593 or 115.9%.

Economic Factors and Next Year's Budget

Several factors and uncertainties that are contained in the budget are:

- As a safety net adult Disproportionate Share Hospital (DSH), the System benefits from the State of Ohio's decision, effective beginning in 2014, to adopt the Medicaid expansion provisions of the Affordable Care Act (ACA), with previously uninsured patients now insured through Medicaid. As of this writing, it does not appear that components of the ACA which benefited the hospital, such as Medicaid expansion, are at immediate risk in the foreseeable future based on failed attempts to repeal and replace the ACA in recent years.

- As of this writing, a 2025 Hospital Care Assurance Program (HCAP) payment model has not been released. For 2024, the system received approximately $35,054 in net HCAP revenue. It is unclear whether the HCAP program will be a part of the State's 2026-2027 biennial budget as of this writing, but it is expected to be a component of the budget as in prior years, based on the System's best information from the Ohio Hospital Association (OHA) and MetroHealth Government Relations.

- The Medicaid Hospital Franchise Fee Program (HFF) was unsustainable in its prior format and was completely redesigned for 2020 and going forward. The new program is a Cost Coverage Add-On (CCA) model and was intended to restore the benefits of the HFF program to previous years' levels. In addition to the CCA model of disbursing the HFF funds, the State also made several directed payments to hospitals to ensure that hospitals received the appropriate level of HFF funds during the pandemic, which had a negative impact on patient volumes. For State fiscal year (SFY) 2025, the anticipated gross distribution to the System is approximately $119,431. This redesign and the increased payments to hospitals required increasing the HFF Program assessment fee. For SFY 2024 the assessment fee is $42,814.

- Medicare DSH/uncompensated care payments are expected to increase approximately $652, or about 6%, in Federal Fiscal Year (FFY) 2025 when compared to FFY 2024. The increase is a result of the Uncompensated Care Payment Adjustment percentage increasing due to MetroHealth UCC increasing in relation to other hospitals in the national pool. The Medicare reductions associated with the readmissions penalty appear to have leveled off and should be consistent with 2024 levels, per estimates by the Association of American Medical Colleges (AAMC) and the OHA. It is unclear at this time if the System will be subject to the Hospital Acquired Conditions (HAC) penalty at this time nor the value-based purchasing in FFY 2025.

- The current Care Innovation and Community Improvement Program (CICIP) will be in place until June 30, 2025. CICIP will once again be considered as part of Ohio's SFY 2024-2025 operating budget. The Program was reauthorized by the State; however, it will be receiving net amounts in 2024 that are slightly lower than previous years due to lower Medicaid utilization. The Centers for Medicare and Medicaid Services (CMS) renewed the program in 2023 through December 31, 2024. As of this writing it is unclear if the CICIP program will be a part of the State's biennial budget, but it is expected to be in place again based on the best information available from MetroHealth Government Relations.

- As of this writing the System does not anticipate any changes in the 2025 Cuyahoga County charity care arrangement of $35,000, which is consistent with the 2024 funding amounts.

Contacting the System's Financial Management

This financial report is designed to provide our patients, suppliers, taxpayers and creditors with a general overview of the System's finances and to show the System's accountability for the money it receives. Questions about this report and requests for additional financial information should be directed to:

The MetroHealth System
2500 MetroHealth Drive
Cleveland, Ohio 44109
Attention: Finance Department
Telephone: (216) 778-7800.

The MetroHealth System
(A Component Unit of Cuyahoga County)

Statement of Net Position
December 31, 2024
(Dollars in Thousands)

	The MetroHealth System	The MetroHealth Foundation, Inc.	CCH Development Corporation
Assets			
Current Assets:			
Cash and cash equivalents	$ 80,576	$ 3,475	$ 646
Accounts receivable	188,876	8,355	-
Allowance for uncollectible accounts	(20,152)	(712)	-
Net accounts receivable	168,724	7,643	-
Other receivables	69,975	222	1,965
Supplies	29,226	-	-
Prepaid expenses	32,053	52	-
Total current assets	380,554	11,392	2,611
Noncurrent Assets:			
Investments	584,195	86,132	-
Restricted Assets:			
Cash and cash equivalents	5,842	-	2,345
Special purpose investments	2,431	-	-
Under bond indenture agreements	55,843	-	-
Net pension asset	17,593	-	-
Net OPEB asset	37,735	-	-
	119,444	-	2,345
Capital Assets:			
Land and construction in progress	213,892	-	4,580
Land improvements	27,992	-	-
Buildings and fixed equipment	1,518,240	-	49,973
Equipment	303,717	-	-
	2,063,841	-	54,553
Accumulated depreciation	(861,296)	-	(5,055)
	1,202,545	-	49,498
Right-of-use assets:			
Lease assets, net	80,586	-	577
Subscription assets, net	36,730	-	-
	117,316	-	577
Other Assets:			
Equity interest in joint ventures	10,590	-	-
Other assets	7,158	365	51,402
	17,748	365	51,402
Total assets	2,421,802	97,889	106,433
Deferred Outflows of Resources			
Deferred outflows related to pensions	337,694	-	-
Deferred outflows related to OPEB	33,698	-	-
Deferred amounts on debt refundings	937	-	-
Total deferred outflows of resources	372,329	-	-

See Notes to Financial Statements.

The MetroHealth System
(A Component Unit of Cuyahoga County)

Statement of Net Position
December 31, 2024
(Dollars in Thousands)

	The MetroHealth System	The MetroHealth Foundation, Inc.	CCH Development Corporation
Liabilities			
Current Liabilities:			
Accounts payable	$ 84,127	$ 66	$ 251
Accrued payroll and related liabilities	61,256	-	-
Contribution payable to the Public Employees Retirement System	8,039	-	-
Accrued interest payable	20,998	-	181
General and professional liabilities	13,306	-	-
Estimated amounts due to third-party payors	554	-	-
Accrued vacation and sick leave	8,903	-	-
Line of credit	1,412	-	-
Lease liability	7,106	-	-
Subscription liability	13,332	-	-
Current installments of long-term debt	12,089	-	1,714
Other current liabilities	14,020	883	61
Total current liabilities	245,142	949	2,207
Long-Term Liabilities, less current installments:			
General and professional liabilities	23,268	-	-
Estimated amounts due to third-party payors	1,794	-	-
Accrued vacation and sick leave	55,230	-	-
Other long-term liabilities	133	-	867
Net pension liability	960,741	-	-
Lease liability	65,652	-	580
Subscription liability	15,892	-	-
Long-term debt	1,011,478	-	44,409
Total long-term liabilities	2,134,188	-	45,856
Total liabilities	2,379,330	949	48,063
Deferred Inflows of Resources			
Deferred inflows related to pensions	11,211	-	-
Deferred inflows related to OPEB	23,594	-	-
Deferred inflows related to leases	1,453	-	56,504
Total deferred inflows of resources	36,258	-	56,504
Net Position (Deficit)			
Net investment in capital assets	243,333	-	3,375
Restricted, debt service payments	10,194	-	-
Restricted, capital asset use	2,050	-	-
Restricted, program activities	6,551	42,622	2,436
Restricted, nonspendable	1,550	22,273	-
Restricted, net pension and net OPEB assets	55,328	-	-
Unrestricted	59,537	32,045	(3,945)
Total net position	$ 378,543	$ 96,940	$ 1,866

See Notes to Financial Statements.

The MetroHealth System
(A Component Unit of Cuyahoga County)

Statement of Revenues, Expenses, and Changes in Net Position
Year Ended December 31, 2024
(Dollars in Thousands)

	The MetroHealth System	The MetroHealth Foundation, Inc.	CCH Development Corporation
Operating Revenues			
Net patient service revenue	$ 1,376,489	$ -	$ -
Other revenue	581,170	-	2,670
Total operating revenues	1,957,659	-	2,670
Operating Expenses			
Salaries and wages	906,600	-	-
Employee benefits	275,016	-	-
Purchased services	133,626	-	805
Medical supplies	134,793	-	-
Pharmaceuticals	297,756	-	-
Plant operations	44,446	-	7
Non-medical supplies	17,405	-	-
Other expenses	82,630	-	32
Depreciation and amortization	97,196	-	1,758
Total operating expenses	1,989,468	-	2,602
Operating (loss) income	(31,809)	-	68
Non-Operating Revenues (Expenses)			
Net investment income	54,472	9,256	-
Other non-operating (expense) revenue	(785)	41	2,146
Noncapital grants and donations	4,576	15,249	-
Grant expenses and support	(4,576)	(13,856)	-
Interest expense	(56,763)	-	(2,037)
Total non-operating revenues (expenses)	(3,076)	10,690	109
(Loss) income before capital grants and gifts	(34,885)	10,690	177
Capital grants and gifts	42	-	-
Change in net position	(34,843)	10,690	177
Total net position - beginning of year	413,386	86,250	1,689
Total net position - end of year	$ 378,543	$ 96,940	$ 1,866

See Notes to Financial Statements.

The MetroHealth System
(A Component Unit of Cuyahoga County)

Statement of Cash Flows
Year Ended December 31, 2024
(Dollars in Thousands)

Cash Flows From Operating Activities	
Patient service revenue	$ 1,377,122
Other operating cash receipts	582,097
Payments to suppliers	(722,387)
Payments for compensation and benefits	(1,184,450)
Net cash flows provided by operating activities	52,382
Cash Flows From Noncapital Financing Activities	
Restricted grants, donations and other	11,048
Specific purpose funds expenses	(4,973)
Payments for joint venture equity interests	(1,658)
Principal payments on long-term debt	(1,872)
Interest payments on long-term debt	(7,908)
Proceeds from revolving line of credit	250
Principal payments on revolving line of credit	(480)
Interest payments on revolving line of credit	(126)
Net cash flows used in noncapital financing activities	(5,719)
Cash Flows From Capital and Related Financing Activities	
Capital grants	42
Acquisitions and construction	(60,927)
Principal payments on long-term debt	(9,755)
Principal payments on leases and subscriptions	(19,203)
Interest payments on long-term debt	(46,472)
Interest payments on leases and subscriptions	(3,229)
Build America Bond receipts	1,018
Net cash flows used in capital and related financing activities	(138,526)
Cash Flows From Investing Activities	
Payments for investment purchases and reinvestments	(234,708)
Proceeds from investment sales and maturities	214,048
Interest received	26,176
Net cash flows provided by investing activities	5,516
Net decrease in cash and cash equivalents	(86,347)
Cash and cash equivalents	
Beginning	172,765
Ending	$ 86,418

(Continued)

The MetroHealth System
(A Component Unit of Cuyahoga County)

Statement of Cash Flows (Continued)
Year Ended December 31, 2024
(Dollars in Thousands)

Reconciliation of Operating Loss to Net Cash Flows		
Provided by Operating Activities		
Operating loss	$	(31,809)
Adjustments to reconcile operating loss to net cash flows provided by operating activities		
Depreciation and amortization		97,196
Provision for bad debts		76,205
Changes in assets, deferred outflows, liabilities and deferred inflows:		
Patient accounts receivable		(95,384)
Other assets		1,999
Net pension asset		(4,328)
Net OPEB asset		(37,735)
Deferred outflows of resources		151,269
General and professional liabilities		(5,839)
Accounts payable and other liabilities		(16,188)
Other long-term liabilities		(3,948)
Net pension liability		(76,834)
Net OPEB liability		(25,200)
Deferred inflows of resources		22,978
Net cash flows provided by operating activities	$	52,382

Noncash Investing, Capital and Financing Activities:

The System held investments at December 31, 2024, with a fair value of $642,168.
During 2024, the net change in the fair value of these investments was an increase of $67,769.

Included in accounts payable at December 31, 2024 is $13,870 of invoices related to unpaid capital acquisitions.

Additions to capital assets included in liabilities at December 31, 2024 are right-of use assets via lease and subscription liability of $35,794.

See Notes to Financial Statements.

Note 1. Summary of Significant Accounting Policies

Reporting entity: The accompanying financial statements of the MetroHealth System (System) include the MetroHealth Medical Center, a short-term acute care academic medical center with rehabilitation and psychiatric distinct part units, and a network of urban and suburban primary care health sites.

The System is the public health care system for Cuyahoga County, Ohio (the County). It is organized and operated by its board of county hospital trustees (the Board) pursuant to Chapter 339 of the Ohio Revised Code. Members of the Board are appointed by the County Executive together with the senior judges of the Probate and Common Pleas Courts of the County, subject to confirmation by the County Council. The System entered into a charity care services agreement for $35,000 with the County in 2024. The System is exempt from federal income taxes as a governmental entity.

In accordance with GASB Codification Section 2100: *Defining the Financial Reporting Entity*, and Section 2600: *Reporting Entity and Component Unit Presentation and Disclosure*, the System's financial statements are included, as a discretely presented component unit, in the Cuyahoga County's Annual Comprehensive Financial Report (ACFR). A copy of the ACFR can be obtained from Cuyahoga County Fiscal Officer, 2079 East 9th Street, Cleveland, Ohio 44115.

Furthermore, in accordance with GASB Codification Section 2100: *Defining the Financial Reporting Entity*, and Section 2600: *Reporting Entity and Component Unit Presentation and Disclosure*, the System's financial statements include The MetroHealth Foundation, Inc. (Foundation) and CCH Development Corporation (CCH) as discretely presented component units and Collaborative Care Partners LLC, Lumina Imaging, MetroHealth Holdings LLC, MetroHealth Ventures LLC, MHS Purchasing LLC, Recovery Resources, and Select Assurance Captive LLC as blended component units. The System held an equity interest in a joint venture with partial ownership of Senior & Rehab Care at MetroHealth LLC and Visiting Nurse Association Healthcare Partners of Ohio. In 2024, Senior & Rehab Care at MetroHealth LLC ceased operations and the System divested all its ownership in Visiting Nurse Association Healthcare Partners of Ohio. Additionally, MetroHealth Holdings LLC holds an equity interest in a joint venture with partial ownership in NEO Total Health and Wellness LLC and MetroHealth Ventures LLC holds an equity interest in a joint venture with partial ownership in Ovatient, Inc.

The Foundation is a nonprofit organization acting primarily as a fundraising organization to supplement the resources that are available to the System in support of its programs. Although the System does not control the timing or the amount of receipts from the Foundation, the majority of resources, or income thereon, which the Foundation holds and invests, is restricted to support the activities of the System. Because these restricted resources held by the Foundation can only be used by, or for the benefit of the System, it is considered a component unit of the System. Complete financial statements of the Foundation can be obtained by writing to The MetroHealth Foundation, 2500 MetroHealth Drive, Cleveland, Ohio 44109.

CCH Development Corporation (CCH), was formed on August 1, 2017, for the benefit of, and to support the System's community through economic and community development. CCH is a legally separate nonprofit corporation, exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The System appoints the voting majority of CCH's Board; however, the System does not have a financial benefit/burden relationship and is not able to impose its will on CCH. The System has determined it would be misleading to exclude CCH and therefore it has been presented as a component unit. See Note 11 for additional information.

Note 1. Summary of Significant Accounting Policies (Continued)

Collaborative Care Partners LLC, Lumina Imaging, MetroHealth Holdings LLC, MetroHealth Ventures LLC,

MHS Purchasing LLC, Recovery Resources, and Select Assurance Captive LLC are presented as blended component units of the System. Although these entities are legally separate, the System is the sole corporate member. System's management has operational responsibility for these component units as they almost exclusively support the System's mission and operations.

The blended component unit's financial activity is included within the activities of the System and any activity between the System and its blended component units is eliminated. All joint ventures are recorded as Equity Interest in joint ventures on the System's Statement of Net Position. Any change in the interest is reflected as a change in non-operating revenue (expense).

The System entered into the joint venture Senior & Rehab Care at MetroHealth LLC for the purpose of operating a duly licensed Medicare/Medicaid certified short-stay skilled nursing facility at MetroHealth's Old Brooklyn Senior Health and Wellness Center. All operations ceased in 2024.

The System entered into the joint venture Visiting Nurse Association Health Care Partners of Ohio for the purpose of delivering health care services and resources to clients in the communities. The services include home health, hospice, home-based primary care and mental health services. The System divested all its ownership in Visiting Nurse Association Healthcare Partners of Ohio in 2024.

MetroHealth Holdings LLC entered into the joint venture NEO Total Health and Wellness, LLC to provide coordinated primary care services to the senior population. At December 31, 2024, the System's equity interest in the joint venture was $1,301.

MetroHealth Ventures LLC entered into the joint venture Ovatient, Inc. to establish an integrated virtual first, mobile and in home clinical model where patients can transition between traditional and non traditional care. At December 31, 2024, the System's equity interest in the joint venture was $1,479.

The System has an equity interest in CCF/MHS Renal Care Company, LTD, which is recorded as Equity Interest in Joint Ventures on the System's Statement of Net Position. At December 31, 2024, the System's equity interest was $7,810.

All four joint ventures are recorded as Equity Interest in joint ventures on the System's Statement of Net Position. Any change in the interest is reflected as a change in non-operating revenue (expense).

Separately issued financial statements for the component units are prepared for Select Assurance Captive LLC and Recovery Resources and can be obtained by writing to The MetroHealth System, 2500 MetroHealth Drive, Cleveland, Ohio 44109, Attention: Finance Department.

Separately issued financial statements for the component unit is prepared for NEO Total Health and Wellness LLC and can be obtained by writing to The MetroHealth System, 2500 MetroHealth Drive, Cleveland, Ohio 44109, Attention: Finance Department.

Separately issued financial statements for the component unit is prepared for Ovatient Inc. and can be obtained by writing to The MetroHealth System, 2500 MetroHealth Drive, Cleveland, Ohio 44109, Attention: Finance Department.

Note 1. Summary of Significant Accounting Policies (Continued)

Separately issued financial statements for the component unit is prepared for CCF/MHS Renal Care Company LTD and can be obtained by writing to Fresenius Kidney Care, 3500 Lacey Road, Downers Grove, IL 60515, Attention: Finance Department.

Basis of accounting: The System reports only “business-type” activities, which requires the following financial statements and management discussion and analysis:

- Management’s Discussion and Analysis
- Basic Financial Statements including a Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and Statement of Cash Flows, for the System as a whole
- Notes to Financial Statements

The System is accounted for as a proprietary fund (enterprise fund) using the flow of economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the System’s operations are included in the Statement of Net Position. Revenue is recognized in the period in which it is earned, and expenses are recognized in the period in which incurred.

The System's fiscal year is the calendar year. Pursuant to Ohio law, the System submits a budget to the County by November 1 of each year. The fundamental purpose of the budget is to plan for an expected level of operations and to provide management with a tool to control deviation from such a plan. The budget is prepared on an accrual basis.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and deferred outflows of resources and liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Statement of revenues, expenses, and changes in net position: The System recognizes as operating revenues those transactions that are major or central to the provision of health care services. Operating revenues include those revenues received for direct patient care, grants received from organizations as reimbursement for patient care, and other incidental revenue associated with patient care. Operating

expenses include those costs associated with providing patient care including costs of professional care, operating the hospital facilities, administrative expenses, and depreciation and amortization. Non-operating revenues include County funding, investment income, joint venture income and special purpose grants and donations, primarily research. Non-operating expenses include interest expense and expenses from special purpose funds for research related activities.

Note 1. Summary of Significant Accounting Policies (Continued)

Net patient service revenue: Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors, estimated allowances for uncollectible accounts and uncompensated care allowances. Retroactive adjustments are recorded on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined. Net patient service revenue is reported net of a provision for uncollectible accounts of $76,205 in 2024.

The System has agreements with third-party payors that provide for payment at amounts different from established charge rates. A summary of the basis of payment by major third-party payors follows:

Medicare and Medicaid: Inpatient acute care, behavioral medicine, rehabilitation, skilled nursing and outpatient services rendered to Medicare and Medicaid program beneficiaries are paid at prospectively-determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors.

The System also receives reimbursement for medical education costs, disproportionate share and unreimbursed Medicare bad debts which are reimbursed at interim rates with final settlement determined after submission of annual cost reports by the System and audits thereof by the Medicare Administrative Contractor (MAC). The System's classification of patients under the Medicare and Medicaid programs and the appropriateness of their admission are subject to an independent review. Differences between the estimated amounts recorded at interim and final settlements are reported in the Statement of Revenues, Expenses, and Changes in Net Position in the year of settlement. The System recorded favorable adjustments to net patient revenue of $1,933 in 2024, due to prior year retroactive adjustments of amounts previously estimated and changes in estimates.

Net revenue from the Medicare and Medicaid programs accounted for approximately 27% and 35%, respectively, of the System's net patient service revenue for the year ended December 31, 2024. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. Compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs. As a result, there is at least a reasonable possibility that recorded estimates could change by a material amount in the near term. Management believes that adequate provision has been made in the financial statements for any adjustments that may result from final settlements. The System believes that it is compliant with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing that would have a material effect on the financial statements.

ACO Reach Model: In 2024, the System voluntarily participated in the Centers for Medicare and Medicaid Services (CMS) Accountable Care Organization Realizing Equity, Access, and Community Health Model (ACO Reach). The goal of the program is to redesign health care delivery system reform through the redesign of primary care. The ACO Reach model was established to improve the quality of care and health outcomes for Medicare beneficiaries. The System received capitated, risk-adjusted monthly payments for primary care services provided by participating providers. Technical claims continued to be paid on a fee-for-service basis. As of December 31, 2024, the System recorded $40,573 of capitation revenue related to the ACO Reach in the other revenue line of the Statement of Revenues, Expenses, and Changes in Net Position.

Note 1. Summary of Significant Accounting Policies (Continued)

Other payors: The System has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment under these agreements includes prospectively determined rates-per-discharge, discounts from established charges, and prospectively determined per diem rates.

Hospital Franchise Fee Program (HFF): In September 2001, the State of Ohio Supplemental Upper Payment Limit program for Public Hospitals (UPL) was approved by the Centers for Medicare and Medicaid Services (CMS). The program provided access to available federal funding up to 100% of the Medicare upper payment limits for inpatient hospital services rendered by Ohio Public Hospitals to Ohio Medicaid consumers. Effective July 1, 2009, the UPL program was expanded to include Section 501(c)(3) non-profit hospitals. As a result of the program expansion, the funding mechanism moved from inter-governmental payments to a HFF tax paid by the participating hospitals to draw down federal matching funds. In State Fiscal Year 2020, the program was redesigned using a Cost Coverage Add-on (CCA) model, resulting in additional payments added to the System's base rate for each Medicaid inpatient discharge and outpatient service. As a result of the Pandemic, to ensure stability, hospital additional payments (HAP) were added to program payments. At December 31, 2024, the System had no program payments recorded in the Statement of Net Position in other receivables.

The estimate recorded in net patient service revenue for HFF by the System was $55,658 in 2024. The System incurred franchise fee expense of $43,029 in 2024 and was recorded in other expenses in the Statement of Revenues, Expenses, and Changes in Net Position. At December 31, 2024, the System had no Program assessments payables recorded in the Statement of Net Position in other current liabilities.

Disproportionate share: As a public health care provider, the System renders services to residents of the County and others regardless of ability to pay. The System is classified as a disproportionate share provider by the Medicare and Medicaid programs due to the volume of low-income patients it serves. Accordingly, the System receives additional payments from these programs resulting from this status totaling $46,356 for 2024. These amounts are included in net patient service revenue and include Hospital Care Assurance (HCAP) revenue of $40,737 in 2024, reduced by HCAP assessments recorded by the System of $5,684 in 2024.

Care Innovation and Community Improvement Program: The Care and Innovation and Community Improvement Program (CICIP), established by House Bill 49, provides for each participating nonprofit hospital agency and public hospital agency to receive supplemental payments under the Medicaid program for physician and other professional services that are covered by the Medicaid program and provided to Medicaid recipients. The amount of the supplemental payments is equal to the difference between the Medicaid rates for the services and the average commercial rates for the services.

Participating nonprofit and public hospital agencies are responsible for the State share of the program's costs and the Medicaid Director may terminate or adjust the amount of supplemental payments if funding for the program is inadequate. As the program develops, specific duties and goals to benefit Medicaid recipients will be defined.

For 2024, the System recorded CICIP program revenue of $52,121 which is included in net patient service revenue. At December 31, 2024, the System had a CICIP receivable of $19,209 and a CICIP payable of $2,382. The receivable and payable are included in the Statement of Net Position in other receivables and other current liabilities, respectively.

Note 1. Summary of Significant Accounting Policies (Continued)

Charity care: The System provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Key elements used to determine eligibility include household income, real property and other assets. The System does not pursue collection of amounts determined to qualify as charity care; therefore, they are not reported as revenue.

The System maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges forgone for services and supplies furnished under its charity care policy and the estimated cost of these services and supplies. The System has a presumptive charity program, which recognizes that there is a segment of the population that should fall within the guidelines of its charity programs, yet do not qualify due to failure to apply or failure to provide income documentation. The System's presumptive charity program seeks to identify and provide financial relief for those patients who would have qualified had their economic situation been known and documented. The System also contracts with an independent third party, which provides assistance in determining which patients qualify for presumptive charity.

The charges foregone for charity care provided by the System, totaled $275,868 in 2024, which represents 5.4% of gross charges and are not reported as revenue.

Other revenue: Other revenue consists of pharmacy, cafeteria, capitation, non-patient contract income, grants, value-based payments and other sales to patients, employees, and visitors. The System owns pharmacies that participate in the Medicaid, Medicare Part B, Medicare Part D, and private insurance reimbursement programs and provides pharmaceuticals to patients who are covered by these programs.

Grants: The System receives financial assistance from federal and state agencies in the United States in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies.

Other such audits could be undertaken by federal and state granting agencies and result in the disallowance of claims and expenditures; however, in the opinion of management, any such disallowed claims or expenditures will not have a material effect on the overall financial position of the System.

Cash and cash equivalents: The System considers cash in its commercial checking accounts to be cash and cash equivalents.

Supplies: Medical and pharmaceutical supplies are stated at the lower of cost or market value on a first-in first-out basis.

Investments: The System generally records its investments at fair value in accordance with GASB Statement No. 72 – *Fair Value Measurement and Application*. Changes in unrealized gains and losses on investments are included in net investment income in the Statement of Revenues, Expenses, and Changes in Net Position.

Note 1. Summary of Significant Accounting Policies (Continued)

Restricted assets: Restricted assets are cash and cash equivalents and investments whose use is limited by legal requirements. Investments under bond indenture agreements represent amounts required by debt instruments to pay bond principal and interest and approved projects. Restricted cash and cash equivalents and special purpose investments represent monies received from donors or grantors to be used for specific purposes, primarily research. The System has elected to use restricted assets before unrestricted assets when an expense is incurred for a purpose for which both resources are available.

Fundraising revenues: Gifts, grants, and program income result from fundraising activities of the Foundation. Though donations are solicited for the Foundation, donors occasionally make their gifts directly to the System.

Contributions: The Foundation and CCH recognize contributions as revenue in the period in which the pledge (promise to give) is received. The Foundation and CCH recognize donated services as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the organization.

Annuity payment obligations: The Foundation has entered into gift annuity agreements which include provisions requiring the Foundation to pay periodic fixed payments to beneficiaries during their lifetimes. Charitable gift annuities differ from other charitable giving options in that the annuity is a general obligation of the Foundation. Accordingly, if the assets of the gift are exhausted as a result of required payments to beneficiaries, unrestricted assets of the Foundation will be utilized to fund future payments.

Income taxes: The Foundation and CCH are Ohio nonprofit corporations and were granted tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and therefore are exempt from income tax on related income pursuant to Section 501(a) of the Code. The Foundation and CCH are required to pay taxes on unrelated business income.

Capital assets: Capital assets are stated at cost and contributed capital assets are stated at their acquisition value at the date of contribution. Expenditures for equipment must exceed $5 per unit and expenditures for renovations must exceed $50 in order for them to be capitalized. Expenditures that substantially increase the useful lives of existing assets are capitalized. Routine maintenance and repairs are expensed as incurred.

The following are the most commonly used estimated useful lives:

Buildings	25-40 years
Building improvements	5-20 years
Equipment	3-15 years
Land improvements	5-15 years
Vehicles	4 years

The asset and accumulated depreciation are removed from the related accounts when the asset is disposed. Any income or loss resulting from this disposal is recorded in the Statement of Revenues, Expenses, and Changes in Net Position.

Note 1. Summary of Significant Accounting Policies (Continued)

Leases: The System recognizes lease assets and lease liabilities on the statement of net position for all leases with terms longer than 12 months. The System recognizes a lease when payments exceed $75 for the year or $100 over the life of the agreement. At the commencement of the lease term, the System recognizes a lease liability and an intangible right-to-use asset. The System measures the lease liability at the present value of the payments expected to be made during the lease term.

The future lease payments are discounted using the rate implicit in the lease. If the interest rate cannot be readily determinable, the System's estimated incremental borrowing rate is used. In subsequent financial periods, the System calculates the amortization of the discount on the lease liability and reports that amount as an outflow of resources. The corresponding leased assets are measured at the amount of the initial measurement of the lease liability plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. The assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful live of the underlying asset.

Subscription-Based Information Technology Arrangements (SBITA): All SBITAs except for those classified as short-term are treated similarly to leases under current accounting standards, with additional provisions for accounting for payments associated with preliminary project, initial implementation, and operational and additional implementation stages. Short-term SBITAs are defined as those that have a maximum possible term of 12 months or less, including any options to extend, regardless of the probability the option will be exercised. SBITAs are recognized when payments exceed $75 for the year or $100 over the life of the agreement. SBITAs which fall within the scope of GASB Statement No. 96 are classified similarly to leases which requires a software subscription user to recognize a SBITA liability and corresponding right-of-use asset. At the commencement of the subscription term, the SBITA liability is measured at the present value of the payments using the rate that is implicit in the agreement or the System's incremental borrowing rate.

Compensated absences: The System employees earn vacation at varying rates depending on job classification and years of service. All accrued, unused vacation time is paid upon separation if the employee has completed 90 days of employment with the System. As of December 31, 2024, the accrued vacation and sick leave balance was $64,133, and is included in accrued vacation and sick in the statement of net position. More detailed information can be found in Note 7.

Pensions: For purposes of measuring the net pension liability or asset, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about the fiduciary net position of the Ohio Public Employees Retirement System (OPERS) Traditional, Combined and Member-Directed Plans and additions to/deductions from OPERS fiduciary net position have been determined on the same basis as they were reported by OPERS. For this purpose, benefit payments (including refunds of employee contributions) were recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 1. Summary of Significant Accounting Policies (Continued)

Other postemployment benefits (OPEB): For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, and information about the fiduciary net position of the OPERS OPEB plan and additions to/deductions from OPERS fiduciary net position have been determined on the same basis as they were reported by OPERS. For this purpose, benefit payments (including refunds of employee contributions) were recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred outflows of resources: In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then. The government reports deferred outflows of resources for certain pension-related and OPEB-related amounts, such as change in expected and actual experience, changes in assumptions, and certain contributions made to the plan subsequent to the measurement date. More detailed information can be found in Note 9.

Deferred inflows of resources: In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The System had deferred inflows related to leases. See Note 8 for additional information. The government reports deferred inflows of resources for certain pension-related and OPEB-related amounts, such as the difference between projected and actual earnings of the plan's investments. More detailed information can be found in Note 9.

Net position: The System classifies its net position into three categories as follows:

Net investment in capital assets – consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, other debt and deferred inflows and outflows of resources that are attributable to the acquisition, construction or improvement of those assets.

Restricted – result when constraints placed on the use of the net position are either externally imposed by creditors, grantors, contributors, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted – consists of the remaining net position that does not meet the previously listed criteria.

Bond premiums and discounts: The System uses the effective interest method to calculate bond premiums and discounts. Amortization related to bond premiums and discounts in 2024 was $1,448 and is recorded as a reduction to interest expense in the Statement of Revenues, Expenses, and Changes in Net Position.

Concentrations of credit risk – patient accounts: Concentration of credit risk relating to patient accounts receivable is limited to some extent by the diversity and number of the System's patients and payors. Patient accounts receivable consist of amounts due from government programs, commercial insurance companies, private pay patients, and other group insurance programs. Medicare and Medicaid accounted for approximately 26% and 25%, respectively, of the System's net patient accounts receivable. Excluding these payors, no other payor source represents more than 10% of the System's patient accounts receivable. The System maintains a provision for uncollectible accounts based on the expected collectability of patient accounts receivable.

Note 2. Changes in Accounting Principles and Recent Accounting Pronouncements

GASB has issued the following statements that have been recently implemented by the System:

GASB Statement No. 100, *Accounting Changes and Error Corrections*—an amendment of GASB Statement No. 62 - The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The System adopted this statement during the year ended December 31,2024, noting no significant impact to the financial statements.

GASB Statement No. 101, *Compensated Absences -* The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The System adopted this statement during the year ended December 31, 2024, resulting in reporting expense for OPERS contributions and the Federal Insurance Contributions Act (FICA) amounts for compensated absences that had previously not been required to be recognized.

GASB has issued the following statements not yet implemented by the System:

GASB Statement No. 102, *Certain Risk Disclosures* – The objective of this Statement is to assess whether a concentration or constraint makes the government vulnerable to the risk of a substantial impact. It also requires governments to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date of the financial statements are issued. If certain criteria are met for a concentration or constraint, disclosures are required in the notes to the financial statements. The provisions of this statement are effective for the System's financial statements for the year ending December 31, 2025.The System has not yet determined the impact this statement will have on its financial statements.

GASB Statement No. 103, *Financial Reporting Model Improvements* – The objective of this Statement is to establish new accounting and financial reporting requirements or to modify existing requirements related to the following: management's discussion and analysis; unusual or infrequent items; presentation of the proprietary fund statement of revenue, expenses, and changes in fund net position; information about major component units in basic financial statements; budgetary comparison information; and financial trends information in the statistical section. The provisions of this statement are effective for the System's financial statements for the year ending December 31, 2026. The System has not yet determined the impact this statement will have on its financial statements.

(Dollars in Thousands)

Note 2. Changes in Accounting Principles and Recent Accounting Pronouncements (Continued)

GASB Statement No. 104, *Disclosure of Certain Capital Assets* – The objective of this Statement is to require that certain types of capital assets, such as lease assets by major class of underlying asset and right-of-use assets arising from subscription-based information technology arrangements, be disclosed separately in capital asset note disclosures. The standard also requires that capital assets be reported as capital assets held for sale if the System has decided to pursue a sale of the asset and it is probable that the sale will be finalized within one year of the financial statement date; it also requires additional note disclosures about capital assets held for sale. The provisions of this statement are effective for the System's financial statements for the year ending December 31, 2026. The System has not yet determined the impact this statement will have on its financial statements.

Note 3. Deposits and Investments

Deposits

All monies are deposited with the System’s banks or trust companies as designated by the Board of Trustees. Funds not needed for immediate expenditure may be deposited in interest bearing or non-interest bearing accounts.

Guaranteed investment contract (GIC): The System entered into a distinct investment contract with a bank yielding a guaranteed fixed interest rates for its Series 2017 Bond Project Fund in 2017. The agreement matured in March 2024 and proceeds from the maturity were used to purchase shares in a money market mutual fund. As of December 31, 2024, the Series 2017 Bond Project Fund had a balance of $20,121.

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of bank failure, the System’s deposits might not be recovered. FDIC insurance through December 31, 2024, for funds held in interest bearing accounts is $250 per depositor per category of legal ownership. The System’s investment policy does not address custodial credit risk. The System’s bank deposits at December 31, 2024 totaled $86,861 and were subject to the following categories of custodial credit risk:

Uncollateralized	$	38,838
Collateralized with securities held by the pledging institution's trust department, but not in the System's name		43,203
Total amount subject to custodial risk		82,041
Amount insured		4,820
Total bank balances	$	86,861

Investments

The System’s investment policy was established in accordance with the provisions of Sections 339.06 and 339.061 of the Ohio Revised Code (ORC). The investment portfolio consists of both a Reserve Portfolio and a Non-Reserve Portfolio. Per section 339.061 of the Ohio revised code, at least 25% of the average amount of the System’s investment portfolio over the course of the preceding fiscal year needs to be invested as a “reserve” in specific types of low-risk investment instruments. Investments in the Non-Reserve Portfolio have a long-term time horizon and are not needed for operations for at least seven years. The System is still in the process of transferring funds to the Non-Reserve Portfolio. The blended component units of the System are not required to adhere to the System’s investment policy.

Note 3. Deposits and Investments (Continued)

The System's investment policy authorizes the System to invest in the following investments within the Reserve Portfolio:

- Securities and obligations of the U.S. Treasury and other direct issuances of federal government agencies or instrumentalities.
- No-load money market mutual funds investing exclusively in the previously listed items, rated in the highest category at the time of purchase by at least one nationally recognized statistical rating organization (NRSRS); and repurchase agreements made through eligible institutions mentioned in section 135.32 of the ORC, secured by the previously listed items.
- Time certificates of deposit or savings accounts and deposit accounts in any eligible institution mentioned in section 135.32 of the ORC.
- Municipal and state bonds of Ohio or any political subdivisions of Ohio
- The Ohio subdivision's fund as provided in Section 135.45 of the ORC.
- Commercial paper notes that constitutes unsecured short-term debt on an entity defined in Division (D) of Section 1705.01 of the ORC and matures no later than 270 days from purchase date, the aggregate value of the commercial paper does not exceed 10% of the aggregate value of the outstanding paper of the entity, the paper is rated by at least two NRSRS and is rated in the highest classification and the entity has assets exceeding $500,000, and total combined investments in commercial paper and bankers acceptances does not exceed 40% of the System's average aggregate Reserve Portfolio, and the investment in commercial paper of a single issuer does not exceed in the aggregate 5% of the Reserve Portfolio.
- Bankers acceptances of banks that are insured by the FDIC, that mature no later than 180 days from purchase, are eligible for purchase by the Federal Reserve System, and the total combined investments in banker's acceptances and commercial paper does not exceed 40% of the System's average aggregate Reserve Portfolio.
- Notes issued by corporations incorporated in the United States and operating in the United States, the notes are rated in the second highest or higher category by at least two NRSRS at the time of purchase, mature in two years or less from the date of purchase, not to exceed 15% of the System's total average Reserve Portfolio.
- Securities lending agreements with any eligible institution mentioned in section 135.32 of the Revised Code that is a member of the federal reserve system or federal home loan bank or with any recognized United States securities dealer, under the terms of which agreements the System lends securities and the eligible institution or dealer agrees to simultaneously exchange similar securities or cash, equal value for equal value.
- Debt interests rated at the time of purchase in the three highest categories by two NRSRS and issued by foreign nations diplomatically recognized by the U.S. government, where the investment made does not exceed 1% of a country's total average portfolio.
- A current unpaid or delinquent tax line of credit authorized under section (G) of the section 135.341 of the Revised Code, provided that all of the conditions for entering into such a line of credit under that division are met.

(Dollars in Thousands)

Note 3. Deposits and Investments (Continued)

The System's investment policy authorizes the System to invest in the following investments within the Non-Reserve Portfolio:

- Any permissible investments previously described within the Reserve Portfolio.
- Fixed income investments that emphasize high quality (BBB- rating or higher) and the single issuer, excluding the US Treasury and Federal Government Agencies, does not exceed 10% of the market value of the Non-Reserve Portfolio. Permissible fixed income investments are U.S. government and U.S. government agency securities, corporate notes and bonds, mortgage-backed securities, preferred stock, fixed income securities of foreign governments and corporations, guaranteed investment contracts (GIC), and fixed income mutual funds and comingled pools.
- Equity investments of domestic and international common stocks, real estate investment trusts (REITs), convertible notes and bonds, convertible preferred stocks, and equity mutual funds or comingled pools. Stocks must emphasize companies with total market capitalizations exceeding $100 million and any individual commitment at the time or purchase should not represent more than 10% nor should a sector group exceed 50% of the portfolio's market value. International equity investments are limited to 20% of the Non-Reserve Portfolio balance, must be made through mutual funds or comingled structures, and cannot be weighed more than 50% to a single country. Cash equivalents are to be considered temporary and should not exceed 10% of a manager's portfolio.

As of December 31, 2024, the fair values of the System's investments and their ratings by Standard and Poor's were as follows:

		Investment Maturities	
	Total	Less than 1 year	1-5 years
U.S. Treasury Notes			
AA+	$ 115,522	$ 14,953	$ 100,569
Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Government National Mortgage Association, Federal Home Loan Banks and Federal Farm Credit Banks			
AA+	87,278	28,052	59,226
Money Market Mutual Funds			
AAA	65,613	65,613	-
Total investments	$ 268,413	$ 108,618	$ 159,795

(Dollars in Thousands)

Note 3. Deposits and Investments (Continued)

The Bond Project Fund is classified as an investment and is an eligible holding in accordance with the Twelfth Supplemental Trust Indenture enacted May 1, 2017 between the County, acting by and through the System's Board of Trustees, and the bond trustee.

Deposits of $301 and unrated investments of $373,755 are included in investments on the Statement of Net Position at December 31, 2024. Of these investments, $193,872 are fixed income mutual funds. The underlying securities held by these funds have a weighted-average maturity of 4 years. Additionally, $55,843 of Money Market Mutual Funds are included in Restricted assets under bond indenture agreements on the Statement of Net Position.

The System's carrying amounts of the deposits and investments at December 31, 2024 are as follows:

Deposits	$	86,719
Investments		642,168
Total deposits and investments	$	728,887

The difference between bank balances and financial statement carrying amounts represent outstanding checks payable and normal reconciling items.

The System categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The System has the following as of year ended December 31, 2024:

	Total	Quoted Prices in Active Markets for Indentical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments by fair value level			
Debt Securities			
U.S. Treasury securities	$ 115,522	$ -	$ 115,522
U.S. Agency securities	87,278	-	87,278
Total debt securities	202,800	-	202,800
Money market mutual funds	65,613	65,613	-
Mutual funds	363,873	363,873	-
Equities	9,882	9,801	81
Total investments measured at fair value	$ 642,168	$ 439,287	$ 202,881

(Dollars in Thousands)

Note 3. Deposits and Investments (Continued)

Mutual funds and equities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Domestic equities and certificates of deposit, classified in Level 2 of the fair value hierarchy, are valued using prices quoted in active markets for similar assets.

Interest Rate Risk: The System's investment policy limits investment portfolios to maturities of five years or less. At December 31, 2024, the System's investments all have effective maturity dates of less than five years.

Credit Risk: The System's investment policy limits the System to commercial paper investments with ratings only in the highest category and emphasizes high-quality fixed income investments within the Non-Reserve Portfolio, with an average portfolio rating of BBB- or higher. The System's blended component units do not have a credit risk policy or investments. At December 31, 2024, the System held no commercial paper investments.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The System's investment policy does not address custodial credit risk. For the year ended December 31, 2024, the System is not exposed to custodial credit risk as it relates to its investment portfolio.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributable to the magnitude of investments in any single issuer. This does not apply to debt securities explicitly guaranteed by the United States Treasury which are deemed to be "risk-free". The System's investment policy requires that the portfolio be structured to diversify investments to reduce the risk of loss resulting from over-concentration of assets in a specific maturity, a specific issuer or a specific type of security.

Investment policy asset class allocation guidelines, for the System's total investment portfolio and the Non-Reserve Portfolio are as follows:

	Total System Portfolio		Non-Reserve Portfolio	
Asset Class	Minimum %	Maximum %	Minimum %	Maximum %
Fixed Income / Cash & Cash Equivalents	60%	100%	0%	100%
Domestic Equity	0%	30%	0%	100%
International Equity	0%	10%	0%	20%

The overall investment portfolio is kept within the above specified ranges through portfolio rebalancing and cash flow considerations. Rebalancing is implemented not less than quarterly to maintain the asset allocation ranges.

(Dollars in Thousands)

Note 3. Deposits and Investments (Continued)

The System's investment policy requires further diversification by limiting exposure to any one issuer, excluding U.S. government issued or backed securities, in the Non-Reserve Fund to 10% of the portfolio. Combined commercial paper notes and banker's acceptances is limited to 40% of the Reserve Portfolio balance. Investments of U.S. corporate notes is limited to 15% of the Reserve Portfolio.

Note 4. Capital Assets

The following summarizes changes in the capital assets of the System for the year ended December 31, 2024:

	Beginning Balance	Additions	Reductions/ Transfers	Ending Balance
Capital assets not being depreciated				
Land	$ 28,655	$ 8	$ -	$ 28,663
Construction in progress	245,727	45,607	(106,105)	185,229
Total non-depreciated capital assets	274,382	45,615	(106,105)	213,892
Depreciable capital assets				
Land improvements	25,832	2,160	-	27,992
Buildings and fixed equipment	1,451,945	66,301	(6)	1,518,240
Equipment	289,986	36,217	(22,486)	303,717
Total depreciable capital assets	1,767,763	104,678	(22,492)	1,849,949
Less accumulated depreciation				
Land improvements	(14,903)	(787)	-	(15,690)
Buildings and fixed equipment	(607,518)	(46,873)	-	(654,391)
Equipment	(185,282)	(28,347)	22,414	(191,215)
Total accumulated depreciation	(807,703)	(76,007)	22,414	(861,296)
Total depreciable capital assets, net	960,060	28,671	(78)	988,653
Total capital assets, net	$ 1,234,442	$ 74,286	$ (106,183)	$ 1,202,545

Total depreciation and amortization expense related to capital assets for 2024 was $76,007.

(Dollars in Thousands)

Note 5. Revolving Line of Credit

During 2024, the System renegotiated and extended a line of credit in place with one of its corporate banks. There is $100,000 available under the credit facility, which is unsecured and can be used for any working capital or liquidity management purposes. The term maturity date is December 17, 2025.

Advances under the line of credit may be Base Rate Advances or Secured Overnight Financing Rate (SOFR) Advances, or a combination thereof, as selected by the System. The applicable interest rate under Base Rate Advances is equal to the highest of (a) the Prime Rate, (b) one half of one percent (0.50%) in excess of the Federal Funds Effective Rate, (c) one percent (1.00%) in excess of Daily Simple SOFR, or (d) one percent (1.00%). The applicable interest rate under SOFR advances shall be the Daily Simple SOFR Rate plus SOFR Index Adjustment (0.10%) plus Applicable Margin (0.45%). Interest accrued on each advance is to be paid on each monthly payment date. Principal is due on the term maturity date. There were no draws or repayments as of December 31, 2024.

The System is required to be compliant with certain financial and performance-related covenants. Upon the occurrence of any event of default, the System's obligations will immediately become due and payable and the obligation of the lender to make credits will automatically terminate.

Recovery Resources established a line of credit with Wells Fargo in 2015. The maximum amount of credit that would be extended is based on the eligible securities maintained in Wells Fargo accounts. Each security is assigned a loanable value as outlined in the agreement. The line bears interest at the base rate minus 2.25% (6.81% at December 31, 2024). At December 31, 2024, the outstanding balance under this line of credit was $1,412.

Revolving line of credit activity for the year ended December 31, 2024 is as follows:

	Beginning Balance	Additions	Payments/ Reductions	Ending Balance
MetroHealth System, bank line of credit as defined in the respective agreement, amended, and maturing in 2025	$ -	$ -	$ -	$ -
Recovery Resources, bank line of credit as defined in the respective agreement, established in 2015	1,643	375	(606)	1,412
Revolving line of credit	$ 1,643	$ 375	$ (606)	$ 1,412

(Dollars in Thousands)

Note 6. Long-Term Debt

Information regarding the System's long-term debt activity and balances as of and for the year ended December 31, 2024 is as follows:

	Beginning Balance	Additions	Payments/ Reductions	Ending Balance	Due Within One Year
Hospital Facilities Revenue Bonds, Series 2009B, bear interest at 8.2% and mature in varying amounts through 2040.	$ 75,000	$ -	$ -	$ 75,000	$ -
Hospital Revenue Bonds, Series 2017, bear fixed interest rates ranging from 4.0% to 5.5%, and mature in varying amounts through 2057.	934,814	-	(11,409)	923,405	11,995
Other, matures through 2025.	311	-	(217)	94	94
	1,010,125	-	(11,626)	998,499	12,089
Unamortized discounts and premiums	26,516	-	(1,448)	25,068	-
Long-term debt	$ 1,036,641	$ -	$ (13,074)	$ 1,023,567	$ 12,089

Effective January 28, 2010, Cuyahoga County, acting by and through the Board of Trustees of The MetroHealth System, issued $75,000 of Hospital Facilities Revenue Bonds, Taxable Series 2009B, (The MetroHealth System), (Build America Bonds – Direct Payment). Proceeds from the Series 2009B were used to pay for costs of hospital facilities, including three medical helicopters, the acquisition, construction and equipping of additional multi-specialty ambulatory centers in strategic locations, and additional scheduled equipment purchases and facilities renovations; funding the Bond Reserve Fund for the Series 2009B Bonds; and certain bond issuance costs. The Bonds bear interest at a fixed rate of 8.223% per annum and mature at various dates through 2040. As a qualified Build America Bond Issue, per terms of the federal government's American Recovery and Reinvestment Act of 2009, the System will apply to receive direct payments semiannually from the Secretary of the United States Treasury in the amount of 35% of the corresponding bond interest paid. Payments received from the Treasury are recorded in other non-operating revenue.

Effective May 25, 2017, Cuyahoga County, acting by and through the Board of Trustees of The MetroHealth System, issued $945,660 of Hospital Revenue Bonds, Series 2017. Proceeds of which were used to pay off various bonds and pay settlement costs associated with the early termination of two interest rate swap agreements. The remaining bond proceeds are being used to fund the System's transformation project.

Note 6. Long-Term Debt (Continued)

The Series 2017 Bonds mature in varying amounts through February 15, 2057 and the interest rates are fixed and range between 4.0% and 5.5%. So long as the Series 2017 Bonds are outstanding, the System is required to be compliant with certain financial and performance-related covenants.

The 2017 bond refundings resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $4,311. The unamortized difference ($937 at December 31, 2024), reported in the accompanying financial statements as a deferred outflow of resources, is being amortized as an increase to interest expense through the year 2029.

The Series 2009B and 2017 Bonds were each issued pursuant to a supplemental trust bond indenture agreement between the County, acting by and through the System's Board of Trustees, and the bond trustee. The Series 2009B and 2017 Bonds are special obligations issued by the County payable solely from the revenue derived from the operation of the System and other monies available to the System's Board of Trustees. Accordingly, the bond proceeds and indebtedness have been recorded as assets and liabilities of the System.

The Twelfth Supplemental Trust Indenture provides for the establishment of a bond reserve fund and maintenance of certain special funds, which are maintained under the control of the bond trustee and are used for payment of principal and interest on the bonds when due. Under the Indenture an event of default may occur if principal, interest or any premium on any Bond is not paid when due, or if the System fails to perform or observe any covenant, agreement or obligation contained in the Indenture, subject to certain notice, duration, extension and cure provisions specified in the Indenture.

Upon the occurrence of any event of default, the Trustee must, at the written request of the holders of not less than a majority, in aggregate principal amount of outstanding Bonds, and may, in other events, declare the principal of all outstanding Bonds to be immediately due and payable, together with accrued interest thereon.

To satisfy the bond reserve fund requirement Cuyahoga County has entered into an Irrevocable Letter of Credit for an amount not to exceed $63,622, expiring on April 22, 2026. Cuyahoga County is responsible for payment of the annual Letter of Credit Fee, up to a maximum of $350 per year, with any amount over the maximum to be paid by the System. Should the County fail to timely provide notice of renewal of the Letter of Credit prior to its scheduled termination date, the Trustee is required to draw down the full amount available to be drawn under the Letter of Credit and place the drawn funds into the Bond Reserve Fund. In the event there is a draw on the Letter of Credit, the System is required to repay Cuyahoga County in accordance with the terms of the payment agreement in which the County may reduce their appropriation to the System for the amount to be reimbursed. As of December 31, 2024, there were no draws on this Letter of Credit.

(Dollars in Thousands)

Note 6. Long-Term Debt (Continued)

The revenue bonds principal and interest payment requirements for years subsequent to December 31, 2024, are as follows:

	Total Hospital Revenue Bonds	
	Principal	Interest
2025	$ 11,995	$ 53,784
2026	12,605	53,169
2027	13,255	52,523
2028	13,935	51,843
2029	14,580	51,170
2030-2034	84,725	242,743
2035-2039	109,380	213,756
2040-2044	141,190	177,047
2045-2049	182,310	135,779
2050-2054	238,005	80,083
2055-2057	176,425	14,413
	998,405	$ 1,126,310
Unamortized premiums	25,068	
Total hospital revenue bonds, net	$ 1,023,473	

(Dollars in Thousands)

Note 7. Other Long-Term Liabilities

Amounts due to third-party payors: The System has agreements with third-party payors that provide for payment of amounts different from established rates. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered and are adjusted in future periods, as final settlements are determined. See Note 1, net patient service revenue, for additional information. As of December 31, 2024, the total liability for amounts due to third-party payors was $2,348. Amounts classified as 'due within one year' are based on historical communications and estimated timing of recoupment requests from third-party payors.

Accrued vacation and sick leave: System employees earn vacation and sick leave at varying rates depending on job classification and years of service. Employees can accumulate up to one and a half years of their earned vacation leave. All accumulated, unused vacation time is paid upon separation if the employee has completed 90 days of employment with the System. There is no limit on the amount of sick time earned. Upon retirement, employees with a minimum of 10 years of service have sick leave balances paid out at 50% of eligible hours at their current rate of pay. Depending on the employee's hire date the maximum payout is either 240 hours or 800 hours. As of December 31, 2024, the total liability for accrued vacation and sick leave was $64,133, which includes Ohio Public Retirement System (OPERS) and Federal Insurance Contributions Act (FICA) expenses due to implementation of GASB Statement No. 101, *Compensated Absences.* Amounts classified as 'due within one year' are based on historical usage patterns.

Other long-term liabilities: The following summarizes changes in other long-term liabilities for the year ended December 31, 2024:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Amounts due to third-party payors	$ 3,682	$ 1,702	$ (3,036)	$ 2,348	$ 554
Accrued vacation and sick leave	65,141	105,066	(106,074)	64,133	8,903
	$ 68,823	$ 106,768	$ (109,110)	$ 66,481	$ 9,457

Risk management: The System is exposed to various risks of loss related to torts; theft of or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The System is self-insured for professional liability, employee health and worker's compensation but maintains commercial policies for property and casualty, automobile and aircraft (helicopter and fixed wing) insurance. The System manages certain insurance risks through Select Assurance Captive LLC (Select). See Note 12 for additional information. For 2024, coverage through Select included professional liability, worker's compensation, medical stop loss and cyber liability. The System also maintains excess coverage for professional liability and employee health claims. For professional liability and worker's compensation, professional actuarial consultants have been retained to determine funding requirements. Amounts funded for professional liability have been placed in an irrevocable self-insurance trust account, which is being administered by a trustee. For the employee health claims, a historical analysis has been performed of incurred but not reported claims to determine the liability at December 31, 2024. Settled claims have not exceeded insurance coverage in any of the past three years.

(Dollars in Thousands)

Note 7. Other Long-Term Liabilities (Continued)

During the normal course of its operations, the System has become a defendant in various legal actions. In the opinion of legal counsel and the System administration, the disposition of the pending cases will not have a material adverse effect of the financial condition or operations of the System. Losses from asserted claims and from unasserted claims identified under the System's incident reporting systems are recorded based on estimates that incorporate the System's past experience, as well as other considerations including the nature of each claim or incident and relevant trend factors.

The liability for estimated self-insured claims includes estimates of the ultimate costs for both reported claims and incurred but not reported claims for 2024 and 2023 as follows:

	2024				
	Beginning Balance	Claims Incurred	Claims Paid	Ending Balance	Due Within One Year
Worker's compensation	$ 5,435	$ 1,517	$ (1,597)	$ 5,355	$ 1,725
General and professional liability	36,978	5,133	(10,892)	31,219	11,581
Employee health	3,036	68,739	(68,247)	3,528	3,528
	$ 45,449	$ 75,389	$ (80,736)	$ 40,102	$ 16,834

	2023				
	Beginning Balance	Claims Incurred	Claims Paid	Ending Balance	Due Within One Year
Worker's compensation	$ 5,600	$ 1,408	$ (1,573)	$ 5,435	$ 1,752
General and professional liability	39,043	3,786	(5,851)	36,978	10,814
Employee health	4,402	56,006	(57,372)	3,036	3,036
	$ 49,045	$ 61,200	$ (64,796)	$ 45,449	$ 15,602

The liabilities recorded for worker's compensation and general and professional liability as of December 31, 2024 and 2023 are undiscounted liabilities.

Note 8. Leases and Subscriptions

System as Lessee and Subscriptions

The System and its component units have entered into various noncancellable leases and subleases of real estate and equipment.

Additionally, the System has entered into various leasing arrangements with its related entities. The System subleases one real estate property from Recovery Resources. The terms of this arrangement, including renewal periods extend to 2029. These amounts are eliminated upon consolidation. The System leases five real estate properties from CCH Development Corporation, with the longest of these arrangements, including renewal periods, extending to 2076.

(Dollars in Thousands)

Note 8. Leases and Subscriptions (Continued)

Lease asset activity for year ended December 31, 2024, is summarized as follows:

	Beginning Balance	Additions	Reductions/ Transfers	Ending Balance
Lease assets:				
Real estate	$ 97,422	$ 6,107	$ (813)	$ 102,716
Equipment	5,301	2,120	(294)	7,127
Total lease assets	102,723	8,227	(1,107)	109,843
Less accumulated amortization:				
Real estate	19,453	7,884	(575)	26,762
Equipment	1,471	1,296	(272)	2,495
Total accumulated amortization	20,924	9,180	(847)	29,257
Total lease assets, net	81,799	(953)	(260)	80,586
Subscription assets:	30,266	27,567	(1,518)	56,315
Less accumulated amortization:	8,586	12,015	(1,016)	19,585
Subscription assets, net	21,680	15,552	(502)	36,730
Total lease and subscription assets, net	$ 103,479	$ 14,599	$ (762)	$ 117,316

Lease and subscription liability activity for the year ended December 31, 2024 is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Lease liability	$ 72,268	$ 8,227	$ (7,737)	$ 72,758	$ 7,106
Subscription liability	16,431	25,450	(12,657)	29,224	13,332
Total	$ 88,699	$ 33,677	$ (20,394)	$ 101,982	$ 20,438

(Dollars in Thousands)

Note 8. Leases and Subscriptions (Continued)

Future annual lease and subscription payment requirements of the System are as follows:

Future Lease Payments

	Principal	Interest	Total
2025	$ 7,106	$ 2,476	$ 9,582
2026	6,332	2,274	8,606
2027	5,952	2,077	8,029
2028	5,401	1,898	7,299
2029	39,927	1,030	40,957
2030-2034	3,605	1,054	4,659
2035-2039	3,298	479	3,777
2040-2044	482	154	636
2045-2049	571	65	636
2050-2054	84	1	85
	$ 72,758	$ 11,508	$ 84,266

Future Subscription Payments

	Principal	Interest	Total
2025	$ 13,332	$ 1,070	$ 14,402
2026	6,911	675	7,586
2027	4,823	377	5,200
2028	3,608	172	3,780
2029	253	20	273
2030-2031	297	17	314
	$ 29,224	$ 2,331	$ 31,555

During 2024, the outflows of resources recognized for variable payments not previously included in the measurement of the lease and subscription liabilities was $2,294 and $1,092, respectively. Variable payments not included in the measurement of the lease liability and subscription liability are based on volumes of equipment-related usage and the number of user licenses, respectively. Commitments under subscription arrangements before the commencement of the subscription are at minimum $1,805, with an additional $1,102 committed should the software not be in service as of the anniversary date of the arrangement.

System as Lessor

The System and its component units act as lessor for various noncancellable leasing and subleasing arrangements of real estate. The System leases building space to Chagrin Valley Dispatch Center with terms extending to 2036. The System leases parking spaces to the CCH Development Corporation with terms extending to 2096. In addition, Lumina Imaging subleases building space to NEO Total Health and Wellness LLC through 2025.

Note 8. Leases and Subscription-Based IT Arrangements (Continued)

The System had a balance of $182 of lease receivables due within a year included within other receivables and $1,342 of long-term lease receivables included within other assets on the Statement of Net Position as of December 31, 2024. The System also had deferred inflows related to leases of $1,453 included within deferred inflows of resources on the Statement of Net Position as of December 31, 2024. The System recognized lease related revenue in the amount of $671 for the year ended December 31, 2024. Included in this revenue was interest revenue of $116.

During 2024, the inflows of resources recognized for variable payments not previously included in the measurement of the lease receivables was $12. Variable payments not included in the measurement of the lease receivable are based on either the tenant's prior year net sales or the lesser of a fixed percentage of 7.728% or the aggregate Consumer Price Index (CPI) increase over the most recent 60-month period of CPI statistics available.

Note 9. Benefit Plans

Pension: Employee retirement benefits are available for substantially all employees under three separate retirement plans administered by the Ohio Public Employees Retirement System (OPERS). The plans are the Traditional Pension Plan — a cost-sharing, multiple-employer defined benefit pension plan; the Combined Plan — a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan; and the Member-Directed Plan — a defined contribution pension plan in which the member invests both the member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and (vested) employer contributions plus any investment earnings. OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Participants in the Member-Directed Plan do not qualify for ancillary benefits. Beginning January 1, 2022, new members may no longer select the Combined Plan and current members may no longer make a change to the Combined Plan. Chapter 145 of the Ohio Revised Code assigns the authority to establish and amend benefits to the OPERS Board of Trustees. The Ohio Public Employees Retirement System issues a stand-alone financial report and may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Legislation: Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. Members who were eligible to retire under law in effect prior to SB 343 or will be eligible to retire no later than five years after January 7, 2013, comprise transition Group A. Members who have 20 years of service credit prior to January 7, 2013, or will be eligible to retire no later than 10 years after January 7, 2013, are included in transition Group B. Group C includes those members who are not in either of the other groups and members who were hired on or after January 7, 2013. Please see the Plan Statement in the OPERS 2023 Annual Comprehensive Financial Report for additional details.

Note 9. Benefit Plans (Continued)

Benefits in the Traditional Pension Plan for members are calculated on the basis of age, final average salary (FAS), and service credit. Members in transition Groups A and B are eligible for retirement benefits at age 60 with five years of service credit or at age 55 with 25 or more years of service credit. Group C is eligible for retirement at age 57 with 25 years of service or at age 62 with 5 years of service. For Groups A and B, the annual benefit is based on 2.2% of final average salary multiplied by the actual years of service for the first 30 years of service credit and 2.5% for years of service in excess of 30 years. For Group C, the annual benefit applies a factor of 2.2% for the first 35 years and a factor of 2.5% for the years of service in excess of 35. FAS represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Refer to the age-and-service tables located in the OPERS 2023 ACFR Plan Statement for additional information regarding the requirements for reduced and unreduced benefits. Members who retire before meeting the age and years of service credit requirement for unreduced benefit receive a percentage reduction in the benefit amount. The base amount of a member's pension benefit is locked in upon receipt of the initial benefit payment for calculation of annual cost-of-living adjustment.

Benefits in the Combined Plan consist of both an age-and-service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, FAS, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The benefit formula for the defined benefit component of the plan for members in transition Groups A and B applies a factor of 1.0% to the member's FAS for the first 30 years of service. A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the member's FAS for the first 35 years of service. A factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions.

Defined contribution plan benefits are established in the plan documents, which may be amended by the OPERS Board. Member-Directed Plan and Combined Plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the Combined Plan consists of the members’ contributions plus or minus the investment gains or losses resulting from the members’ investment selections. Combined Plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-Directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the Member-Directed Plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20% each year. At retirement, members may select one of several distribution options for payment of the vested balance of their individual OPERS accounts. Options include the annuitization of their benefit account (which includes joint and survivor options and will continue to be administered by OPERS), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance (net of taxes withheld), or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

Note 9. Benefit Plans (Continued)

Other benefits: Once a benefit recipient retiring under the Traditional Pension Plan has received benefits for 12 months, the member is eligible for an annual cost-of-living adjustment. This cost-of-living adjustment is calculated on the member's original base retirement benefit at the date of retirement and is not compounded. Members retiring under the Combined Plan receive a cost-of-living adjustment on the defined benefit portion of their retirement benefit. For those who retired prior to January 7, 2013, the cost-of-living adjustment is 3%. For those retiring on or after January 7, 2013, beginning in 2019, the adjustment is based on the average percentage increase in the Consumer Price Index (CPI), capped at 3%. A death benefit between five hundred and twenty-five hundred dollars, determined by the number of years of service credit of the retiree, is paid to the beneficiary of a deceased retiree or disability benefit recipient under the Traditional Pension Plan and Combined Plan. Death benefits are not available to beneficiaries of Member-Directed Plan participants.

The Ohio Revised Code provides statutory authority for employee and employer contributions. Both employee and employer contribution rates are capped by State statute. For the years ended December 31, 2024 and 2023, the employee contribution rate was 10.0% of covered payroll and the System was required to contribute 14.0% of covered payroll for all covered benefits, including OPEB. A change in these caps requires action of both Houses of the General Assembly, and approval by the Governor. For years 2024 and 2023, member and employer contribution rates were consistent across all three plans. The System's contributions to OPERS for the year ended December 31, 2024 were $109,965 equal to the statutorily required contributions for each year, made up of $89,266 for the Traditional Pension Plan, $3,289 for the Combined Plan, and $17,410 for the Member-Directed Plan. Contributions for the Combined Plan and Member-Directed Plan include defined OPEB plan (RMA) contributions of $470 and $4,974 respectively; a total of $5,444 for the OPEB plan in 2024.

Pension Liabilities, Pension Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pensions: At December 31, 2024, the System reported a liability of $960,741 for its proportionate share of the net pension liability related to the Traditional Pension Plan and an asset of $17,593, for its proportionate share of the net pension asset related to the Combined and Member-Directed Plans. The net pension liability and asset were measured as of December 31, 2023 and the total pension liability/asset used to calculate the net pension liability/asset was determined by an actuarial valuation as of that date. The System's proportion of the net pension liability/asset was based on the System's contributions to the pension plan relative to contributions of all participating employers contributed to the Plan during the measurement period (year ended December 31, 2023). Although the pension asset and liability recognized in accordance with GASB Statement No. 68 meets the definition of an asset and liability in its conceptual framework for accounting standards, in Ohio there is no legal means to enforce the unfunded liability of the pension system as against the public employer and the employer cannot direct use of the pension asset. Additionally, there are no cash flows associated with the recognition of net pension assets, liabilities, deferrals and expense beyond the requirement to make statutory contributions.

At December 31, 2023, the System's proportion was 3.67% for the Traditional Pension Plan, which was an increase of .16 from its proportion measured as of December 31, 2022, and 5.18% for the Combined Plan, which was an increase of .02 from its proportion measured as of December 31, 2022, and 14.97% for the Member-Directed Plan, which was an increase of .76 from its proportion measured as of December 31, 2022.

(Dollars in Thousands)

Note 9. Benefit Plans (Continued)

For the year ended December 31, 2024, the System recognized pension expense for the Traditional Pension Plan of $127,076, the Combined Plan of $1,008 and the Member-Directed Plan of $11,742.

At December 31, 2024, the System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Traditional Pension Plan	Combined Plan	Member-Directed Plan	Total
Deferred Outflow of Resources				
Net difference between projected and actual earnings on pension plan investments	$ 193,918	$ 2,590	$ 297	$ 196,805
Difference between expected and actual experience	15,703	645	4,007	20,355
Changes in assumptions	-	591	58	649
Changes in proportionate share of contributions	27,674	126	-	27,800
System contributions subsequent to the measurement date	89,266	2,819	-	92,085
	$ 326,561	$ 6,771	$ 4,362	$ 337,694

	Traditional Pension Plan	Combined Plan	Member-Directed Plan	Total
Deferred Inflow of Resources				
Difference between expected and actual experience	$ -	$ 1,575	$ -	$ 1,575
Changes in proportionate share of contributions	8,700	599	337	9,636
	$ 8,700	$ 2,174	$ 337	$ 11,211

(Dollars in Thousands)

Note 9. Benefit Plans (Continued)

At December 31, 2024, the Traditional Pension Plan reported $89,266, the Combined Plan reported $2,819, and the Member-Directed Plan reported $422, as deferred outflows of resources related to pensions resulting from System contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability (asset) in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Traditional Pension Plan	Combined Plan	Member-Directed Plan
Year ending December 31:			
2025	$ 61,854	$ 269	$ 575
2026	70,606	612	589
2027	123,748	1,392	674
2028	(27,613)	(519)	377
2029	-	(21)	366
Thereafter	-	45	1,022
Total	$ 228,595	$ 1,778	$ 3,603

Actuarial Assumptions – OPERS Traditional Pension Plan, Combined Plan and Member-Directed Plan

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability (Traditional Plan) and pension asset (Combined Plan and Member-Directed Plan) were determined by actuarial valuations as of December 31, 2023, using the following actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB Statement No. 67.

Key Methods and Assumptions Used in Valuation of Total Pension Liability			
Actuarial Information	**Traditional Pension Plan**	**Combined Plan**	**Member-Directed Plan**
Valuation Date	December 31, 2023	December 31, 2023	December 31, 2023
Experience Study	5-Year Period Ended December 31, 2020	5-Year Period Ended December 31, 2020	5-Year Period Ended December 31, 2020
Actuarial Cost Method	Individual entry age	Individual entry age	Individual entry age
Actuarial Assumptions			
Investment Rate of Return	6.90%	6.90%	6.90%
Wage Inflation	2.75%	2.75%	2.75%
Projected Salary Increases	2.75%-10.75% (includes wage inflation at 2.75%)	2.75%-8.25% (includes wage inflation at 2.75%)	2.75%-8.25% (includes wage inflation at 2.75%)
Cost-of-living Adjustments*	Pre-1/7/13 Retirees: 3.00% Simple Post-1/7/13 Retirees: 2.30% Simple through 2024, then 2.05% Simple	Pre-1/7/13 Retirees: 3.00% Simple Post-1/7/13 Retirees: 2.30% Simple through 2024, then 2.05% Simple	Pre-1/7/13 Retirees: 3.00% Simple Post-1/7/13 Retirees: 2.30% Simple through 2024, then 2.05% Simple

*At the December 31, 2022 valuation date, the Cost-of-living Adjustments assumption for the three plans for Post 1/7/13 Retirees was 3.00% Simple through 2023, then 2.05% Simple.

(Dollars in Thousands)

Note 9. Benefit Plans (Continued)

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The discount rate used to measure the total pension liability was 6.9% for the Traditional Pension Plan, Combined Plan and Member-Directed Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

The allocation of investment assets within the Defined Benefit portfolio is approved by the OPERS Board as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric real rates of return were provided by the OPERS Board's investment allocation percentage, adjusted for inflation. Best estimates of geometric real rates of return were provided by the OPERS Board's investment consultant.

For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2023, these best estimates are summarized in the following table:

Asset Class	Target Allocation as of December 31, 2023	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	24.00 %	2.85 %
Domestic Equities	21.00	4.27
Real Estate	13.00	4.46
Private Equity	15.00	7.52
International Equities	20.00	5.16
Risk Parity	2.00	4.38
Other Investments	5.00	3.46
Total	100.00 %	

(Dollars in Thousands)

Note 9. Benefit Plans (Continued)

During 2023, OPERS manages investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all the plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a gain of 11.2% for 2023.

Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS annual financial report. Additional information supporting the preparation of the Schedules of Collective Pension Amounts and Employer Allocations (including the disclosures of the net pension liability (asset) required supplementary information on the net position liability (asset), and the unmodified audit opinion on the combined financial statements) is located in the OPERS 2023 ACFR. This ACFR is available at www.opers.org or by contacting OPERS at: OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (800) 222-7377.

The following table presents the December 31, 2024 net pension liability or asset calculated using the discount rate of 6.9%, and the expected net pension liability or asset if it were calculated using a discount rate that is 1.0% lower or 1.0% higher than the current rate.

Sensitivity of Net Pension Liability (Asset) to Changes in the Discount Rate			
Net Pension Liability (Asset)	1% Decrease 5.9%	Current Discount Rate 6.9%	1% Increase 7.9%
All Plans	$1,501,632	$943,148	$478,896
Traditional Pension Plan	$1,512,465	$960,741	$501,868
Combined Plan	($9,635)	($15,923)	($20,876)
Member-Directed Plan	($1,198)	($1,670)	($2,096)

The Member-Directed Plan is a defined contribution pension plan allowing members at retirement to have the option to convert their defined contribution account to a defined benefit annuity. The purchased defined benefit annuities under this plan were immaterial to the System and immaterial from a GASB 68 perspective to the System's financial statements as of December 31, 2024.

Note 9. Benefit Plans (Continued)

Other Post-retirement benefits: OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plans. This trust is also used to fund health care for Member-Directed Plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, Member-Directed Plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available.

The health care coverage provided by OPERS meets the definition of an Other Postemployment Benefit based on criteria established by GASB. Please see the Plan Statement in the OPERS 2023 ACFR for details.

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the OPERS Board of Trustees (OPERS Board) in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting https://www.opers.org/financial/reports.shtml, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 800-222-7377.

The Ohio Revised Code provides the statutory authority requiring public employers to fund health care through their contributions to OPERS. A portion of each employer's contribution to OPERS may be set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. For the years ended December 31, 2024 and 2023, State and Local employers contributed, at a combined rate for pension and OPEB, 14.0% of earnable salary and Public Safety and Law Enforcement employers contributed 18.1%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside to fund health care. In 2024, the portion of employer contributions allocated to health care for members in the Traditional Pension Plan was 0.0% and for the Combined Plan was 2.0%. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited for Member-Directed Plan participants for 2024 was 4.0%. The System's contributions for 2024 used to fund post-retirement healthcare benefits was $5,444, which is included in the System's contractually required contribution of $109,965 for the year ended December 31, 2024.

(Dollars in Thousands)

Note 9. Benefit Plans (Continued)

OPEB Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At December 31, 2024, the System reported an asset of $37,735 for its proportionate share of the OPERS collective net OPEB asset. The total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation performed as of December 31, 2022, with a rolled-forward measurement date of December 31, 2023. The System's proportion of the net OPEB asset was based on contributions to the OPEB plan relative to contributions of all participating employers contributed to the Plan during the measurement period (year ended December 31, 2023). Although the assets (liabilities) recognized under GASB Statement No. 75 meet the GASB definition of an asset (liability) in its conceptual framework for accounting standards, in Ohio there is no legal means to enforce the underfunded liability of the pension system as against the public employer, and the employer cannot direct the use of the OPEB assets. Additionally, there are no cash flows associated with the recognition of net pension and net OPEB assets (liabilities), deferrals and expenses beyond the requirement to make statutory contributions.

At December 31, 2023, the System's proportionate share of the OPERS net OPEB asset was 4.18%, an increase of .18 from the System's December 31, 2022 proportionate share of 4.00%. For the year ended December 31, 2024, the System recognized an OPEB expense of $138.

At December 31, 2024, the System reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on OPEB plan investments	$ 22,662	$ -
Difference between expected and actual experience	9,715	16,221
Change in assumptions	-	5,371
Changes in proportionate share of contributions	851	2,002
System contributions subsequent to the measurement date	470	-
	$ 33,698	$ 23,594

Net deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending December 31:	
2025	$ (1,695)
2026	1,342
2027	17,640
2028	(7,653)
Total	$ 9,634

(Dollars in Thousands)

Note 9. Benefit Plans (Continued)

Actuarial Assumptions – OPEB Liability Valuation

Key Methods and Assumptions Used in Valuation of Total OPEB Liability	
Actuarial Information	
Actuarial Valuation Date	December 31, 2022
Rolled-Forward Measurement Date	December 31, 2023
Experience Study	5-Year Period Ended December 31, 2020
Actuarial Cost Method	Individual entry age normal
Actuarial Assumptions	
Single Discount Rate*	5.70%
Investment Rate of Return	6.00%
Municipal Bond Rate*	3.77%
Wage Inflation	2.75%
Projected Salary Increases	2.75%-10.75% (includes wage inflation at 2.75%)
Health Care Cost Trend Rate*	5.50% initial, 3.50% ultimate in 2038

*At the December 31, 2022 rolled-forward measurement date, the Single Discount Rate was 5.22%, the Municipal Bond Rate assumption was 4.05%, and the Health Care Cost Trend Rate was 5.50% initial, 3.50% ultimate in 2036.

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

A single discount rate of 5.70% was used to measure the OPEB liability on the measurement date of December 31, 2023, an increase of 0.48 from the previous rate of 5.22% on the measurement date December 31, 2022. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 3.77%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2070. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2070, and the municipal bond rate was applied to all health care costs after that date.

(Dollars in Thousands)

Note 9. Benefit Plans (Continued)

The allocation of investments within the Health Care portfolio is approved by the OPERS Board as outlined in its annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS primary goal is to achieve and maintain a fully funded status for benefits provided through the defined benefit pension plans. Health care is a discretionary benefit. The long-term expected rate of return on OPERS Health Care portfolio assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighing the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Health Care portfolio's target asset allocation as of December 31, 2023, these best estimates are summarized in the following table:

Asset Class	Target Allocation as of December 31, 2023	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	37.00 %	2.82 %
Domestic Equities	25.00	4.27
REITs	5.00	4.68
International Equities	25.00	5.16
Risk Parity	3.00	4.38
Other Investments	5.00	2.43
Total	100.00 %	

During 2023, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighed rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a loss of 14.0% for 2023.

The following table presents the December 31, 2024 net OPEB liability calculated using the discount rate of 5.70%, and the expected net OPEB liability or asset if it were calculated using a discount rate that is 1.0% lower or 1.0% higher than the current rate.

Sensitivity of Net OPEB Liability (Asset) to Changes in the Discount Rate			
	1% Decrease 4.70%	Single Discount Rate 5.70%	1% Increase 6.70%
Net OPEB Liability (Asset)	$20,738	($37,735)	($86,171)

(Dollars in Thousands)

Note 9. Benefit Plans (Continued)

Changes in the health care cost trend rate may also have a significant impact on the System's net OPEB liability or asset. The following table presents the December 31, 2024 net OPEB asset calculated using the assumed trend rates, and the expected net OPEB asset if were calculated using a health care cost trend rate that is 1.0% lower or 1.0% higher than the current rate.

Sensitivity of Net OPEB Liability (Asset) to Changes in the Health Care Cost Trend Rate			
	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Net OPEB Liability (Asset)	($39,302)	($37,735)	($35,957)

Retiree health care valuations use a health care cost-trend assumption with changes over several years built into that assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2024 is 5.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health care cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

(Dollars in Thousands)

Note 10. Restricted, Expendable and Nonexpendable Net Position

The System has a restricted expendable net position that is restricted by the supplemental trust bond indenture and other external parties for specific purposes. In addition, the System has a restricted nonexpendable net position related to Recovery Resources' general operations and educational activities. The net position is restricted for the following purposes at December 31, 2024:

	2024
Restricted, debt service payments	$ 10,194
Restricted, capital asset use	2,050
Restricted, program activities	6,551
Restricted, nonspendable	1,550
Restricted, net pension and net OPEB assets	55,328
Total	$ 75,673

Note 11. Discrete Component Units

The MetroHealth Foundation, Inc. (Foundation) and CCH Development Corporation (CCH) are legally separate nonprofit organizations organized for the purpose of providing support to The MetroHealth System and its community. Both the Foundation and CCH are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Foundation's purpose is to raise charitable funds and receive grants in support of the System's projects and goals. In 2024, the System received support from the Foundation totaling $8,744 which is recorded in other revenue and capital grants and gifts on the System's Statement of Revenues, Expenses, and Changes in Net Position. The outstanding receivable from the Foundation was $471 at December 31, 2024 which is included in other receivables – related party on the System's Statement of Net Position.

The System provided the Foundation in-kind support totaling $4,091 in 2024. This support covered the direct expenses of the Development Department and indirect expenses for the use of space and support departments such as information services and environmental services.

As of December 31, 2024, the fair values of the Foundation's investments were as follows:

	2024
Money market funds	$ 4,185
Pooled investment fund	1,427
Mutual funds	80,519
Common stock	1
Total investments	$ 86,132

(Dollars in Thousands)

Note 11. Discrete Component Units (Continued)

The Foundation's net investment income for the year ended December 31, 2024 consisted of the following:

Interest and dividends	$	2,107
Net realized and unrealized gains (losses)		7,240
Less: investment management fees		(91)
	$	9,256

The Foundation has a restricted expendable net position that is restricted by the donors or grantors to a specific time or purpose. The net position is restricted for the following purposes at December 31, 2024:

Programmatic activities of The MetroHealth System	$	36,260
Time restrictions		6,362
Total	$	42,622

The Foundation has restricted, nonexpendable net positions in the amounts of $22,273 at December 31, 2024 that are restricted in perpetuity, the income from which is expendable to support the programmatic activities of The MetroHealth System.

CCH was formed for the benefit of, and to support the System's community through economic, community and real estate development. CCH assists the System with property management and leases four of its medical buildings to the System. The outstanding payable to the System was $192 at December 31, 2024 which is included in accounts payable – related party on the System's Statement of Net Position.

The following summarizes changes in the capital assets of CCH for the year ended December 31, 2024:

	Beginning Balance	Additions	Reductions/ Transfers	Ending Balance
Nondepreciable capital assets:				
Land	$ 4,580	$ -	$ -	$ 4,580
Depreciable capital assets:				
Buildings and fixed equipment	49,973	-	-	49,973
Total capital assets	$ 54,553	$ -	$ -	$ 54,553
Less accumulated depreciation				
Buildings and fixed equipment	(3,305)	(1,750)	-	(5,055)
Total capital assets, net	$ 51,248	$ (1,750)	$ -	$ 49,498

Total depreciation and amortization expense related to capital assets for 2024 was $1,750.

(Dollars in Thousands)

Note 11. Discrete Component Units (Continued)

On December 4, 2019, CCH executed a mortgage loan agreement with KeyBank for $4,800. The proceeds of the loan were used to finance a capital acquisition and further develop the property which was subsequently leased to the System. The loan is collateralized by the capital acquisition and has a fixed interest rate of 3.13%. The loan requires monthly principal and interest payments, is set to mature on December 3, 2029 and is subject to financial covenants. The outstanding loan balance was $2,400 at December 31, 2024.

On June 29, 2022, CCH executed a mortgage loan agreement with KeyBank for $41,220. The proceeds of the loan were used to finance a capital acquisition, which was subsequently leased to the System. The loan is collateralized by the capital acquisition and has a fixed interest rate of 4.38%. The loan requires annual principal and semiannual interest payments, is set to mature on June 29, 2029 and is subject to financial covenants. The outstanding loan balance was $39,946 at December 31, 2024.

Additionally, also included in long-term debt on the Statement of Net Position is the balance of three promissory notes executed with MetroHealth Holdings, LLC totaling $3,777. The first, in the amount of $1,549, accrues interest at 3.57% with the principal and interest payment due on June 27, 2028. The second, in the amount of $1,678, accrues interest at 4.13% with principal and interest due on May 13, 2029. The original note of $1,500 due on May 13, 2024, was extended five years and had an interest rate of 2.37%. The third, in the amount of $550, accrues interest at 0.38% with principal and interest due on October 13, 2025. Each of the notes may be prepaid all or in part at any time without penalty. The corresponding notes receivable is included in other assets on the System's Statement of Net Position.

The loan payment requirements for years subsequent to December 31, 2024 are as follows:

	Principal	Interest
2025	$ 1,714	$ 1,828
2026	1,197	1,773
2027	1,234	1,726
2028	2,820	1,975
2029	39,158	1,321
	$ 46,123	$ 8,623

CCH as Lessor

CCH and the System have entered into five noncancellable leases of real estate, with the longest arrangement, including renewal periods, extending to 2076. CCH has also entered into a ground lease with a separate entity, extending to 2096. CCH had a balance of $1,475 of lease receivables due within a year included within other receivables and $50,356 of long-term lease receivables included within other assets on the Statement of Net Position as of December 31, 2024. CCH also had deferred inflows related to leases of $56,504 included within deferred inflows of resources on the Statement of Net Position as of December 31, 2024. CCH recognized lease related revenue in the amount of $4,027 for the year ended December 31, 2024. Included in this revenue was interest revenue of $1,963.

(Dollars in Thousands)

Note 11. Discrete Component Units (Continued)

CCH as Lessor

CCH and the System have entered into five noncancellable leases of real estate, with the longest arrangement, including renewal periods, extending to 2076. CCH has also entered into a ground lease with a separate entity, extending to 2096. CCH had a balance of $1,475 of lease receivables due within a year included within other receivables and $50,356 of long-term lease receivables included within other assets on the Statement of Net Position as of December 31, 2024. CCH also had deferred inflows related to leases of $56,504 included within deferred inflows of resources on the Statement of Net Position as of December 31, 2024. CCH recognized lease related revenue in the amount of $4,027 for the year ended December 31, 2024. Included in this revenue was interest revenue of $1,963.

Future Lease Receipts

	The System			Other			Total		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2025	$ 1,475	$ 1,864	$ 3,339	$ -	$ 30	$ 30	$ 1,475	$ 1,894	$ 3,369
2026	1,532	1,810	3,342	-	30	30	1,532	1,840	3,372
2027	1,593	1,754	3,347	-	30	30	1,593	1,784	3,377
2028	1,650	1,701	3,351	-	30	30	1,650	1,731	3,381
2029	37,884	932	38,816	-	30	30	37,884	962	38,846
2030-2034	2,434	850	3,284	-	150	150	2,434	1,000	3,434
2035-2039	2,845	427	3,272	-	159	159	2,845	586	3,431
2040-2044	482	154	636	-	185	185	482	339	821
2045-2049	571	65	636	-	214	214	571	279	850
2050-2054	84	1	85	-	248	248	84	249	333
2055-2059	-	-	-	-	288	288	-	288	288
2060-2064	-	-	-	-	333	333	-	333	333
2065-2069	-	-	-	-	387	387	-	387	387
2070-2074	-	-	-	-	448	448	-	448	448
2075-2079	-	-	-	-	520	520	-	520	520
2080-2084	-	-	-	-	602	602	-	602	602
2085-2089	-	-	-	409	289	698	409	289	698
2090-2094	-	-	-	701	108	809	701	108	809
2095	-	-	-	171	6	177	171	6	177
	$ 50,550	$ 9,558	$ 60,108	$ 1,281	$ 4,087	$ 5,368	$ 51,831	$ 13,645	$ 65,476

(Dollars in Thousands)

Note 11. Discrete Component Units (Continued)

CCH as Lessee

CCH and the System have entered into a noncancellable lease arrangement for parking spaces. The terms of this arrangement, extend to 2096. CCH had a long-term lease payable balance of $580 on the Statement of Net Position as of December 31, 2024. CCH recognized lease interest expense of $16 for the year ended December 31, 2024.

Future annual lease payments for CCH are as follows:

Future Lease Payments

	Principal	Interest	Total
2025	$ -	$ 16	$ 16
2026	-	16	16
2027	-	16	16
2028	-	16	16
2029	-	16	16
2030-2034	-	76	76
2035-2039	-	81	81
2040-2044	-	93	93
2045-2049	-	108	108
2050-2054	-	125	125
2055-2059	-	146	146
2060-2064	-	168	168
2065-2069	-	195	195
2070-2074	-	226	226
2075-2079	-	263	263
2080-2084	-	304	304
2085-2089	145	207	352
2090-2094	349	60	409
2095	86	3	89
	$ 580	$ 2,135	$ 2,715

(Dollars in Thousands)

Note 12. Blended Component Unit Disclosures

The following is condensed combining information for the System's blended component units for the year ended December 31, 2024:

Condensed Combining Information:	Select Assurance Captive LLC	Recovery Resources	Lumina Imaging	MetroHealth Ventures LLC	MetroHealth Holdings LLC	MHS Purchasing LLC	Collaborative Care Partners LLC
Condensed statement of net position:							
Current assets							
Cash and cash equivalents	$ 12,437	$ 638	$ 1,403	$ 1,427	$ 16,155	$ 4,163	$ 2,600
Receivables - related party	295	430	-	69	1,960	-	-
Other current assets	112	763	410	-	137	405	-
Noncurrent assets							
Investments	108,201	2,900	-	-	-	5,356	-
Capital assets	-	766	2,053	-	-	-	-
Other noncurrent assets	-	4,574	1,233	1,492	12,887	-	-
Total assets	121,045	10,071	5,099	2,988	31,139	9,924	2,600
Current liabilities							
Other current liabilities	12,400	2,623	769	-	-	143	31
Other current liabilities - related party	231	-	-	-	-	-	-
Payables - related party	5,532	43	2,950	133	-	2,337	2,569
Long-term liabilities	21,534	2,196	1,241	-	-	-	-
Total liabilities	39,697	4,862	4,960	133	-	2,480	2,600
Total deferred inflows of resources	-	-	17	-	-	-	-
Condensed statement of net position:							
Net investment in capital assets	-	245	1,768	-	-	-	-
Restricted, program activities	-	805	-	-	-	-	-
Restricted, nonspendable	-	1,550	-	-	-	-	-
Unrestricted	81,348	2,609	(1,646)	2,855	31,139	7,444	-
Total net position	$ 81,348	$ 5,209	$ 122	$ 2,855	$ 31,139	$ 7,444	$ -

(Dollars in Thousands)

Note 12. Blended Component Unit Disclosures (Continued)

Condensed Combining Information:	Select Assurance Captive LLC	Recovery Resources	Lumina Imaging	MetroHealth Ventures LLC	MetroHealth Holdings LLC	MHS Purchasing LLC	Collaborative Care Partners LLC
Condensed statement of revenues, expenses and changes in net position:							
Operating revenues:							
Net patient service revenue	$ -	$ 773	$ 2,575	$ -	$ -	$ -	$ -
Other revenue	-	3,936	20	-	-	-	-
Other revenue - related party	6,740	4,482	7	-	-	-	-
Operating expenses:							
Salaries and wages	-	5,288	905	-	-	-	-
Other expenses	5,374	3,988	1,659	60	-	-	-
Other expenses - related party	1,323	250	878	-	-	-	-
Depreciation and amortization	-	618	678	-	-	-	-
Operating income (loss)	43	(953)	(1,518)	(60)	-	-	-
Non-operating revenues (expenses):							
Net investment income	10,745	736	-	22	155	197	-
Other non-operating revenue (expense)	-	125	-	(2,393)	(71)	-	-
Other non-operating revenue - related party	-	-	1,127	2,500	650	-	-
Interest expense	-	(170)	(51)	-	-	-	-
Change in net position	10,788	(262)	(442)	69	734	197	-
Beginning net position	70,560	5,471	564	2,786	30,405	7,247	-
Ending net position	$ 81,348	$ 5,209	$ 122	$ 2,855	$ 31,139	$ 7,444	$ -
Condensed statement of cash flows:							
Net cash provided (used) by:							
Operating activities	$ (3,443)	$ (226)	$ 109	$ -	$ -	$ -	$ 2,600
Noncapital financing activities	-	(230)	1,503	2,500	-	-	-
Capital and related financing activities	-	(757)	(312)	-	-	-	-
Investing activities	653	1,186	-	(2,282)	-	2,676	-
Beginning cash and cash equivalent balances	15,227	665	103	1,209	16,155	1,487	-
Ending cash and cash equivalent balances	$ 12,437	$ 638	$ 1,403	$ 1,427	$ 16,155	$ 4,163	$ 2,600

Note 13. Commitments and Contingencies

Purchase Commitments: As of December 31, 2024, the System had commitments for various projects totaling approximately $61,061. Within this total are certain projects with large commitments, including $20,519 for the new outpatient upgrade; $3,851 for building upgrades to the Parma Medical Center; $2,065 for upgraded medical equipment; and $2,339 for building upgrades to the Beachwood Medical Center. Of this total, $4,837 of the outpatient building construction are being funded by the Series 2017 Bond project funds and the remaining projects are funded through operating funds.

Regulatory Environment Including Fraud and Abuse Matters: The health care industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, governmental health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Government activity continues with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the System is in compliance with fraud and abuse, as well as other applicable government laws and regulations. While no regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or asserted at this time.

(Dollars in Thousands)

Note 14. Foundation Liquidity and Functional Expenses

As the Foundation's basis of presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958: *Financial Statements of Not-for-Profit Organizations*, the entity is required to disclose an assessment of liquidity at year end and a summarization of the costs of program and supporting service activities on both a functional and natural classification basis. See Note 1 for further disclosure regarding the inclusion of the Foundation in the reporting entity.

Liquidity: The following table reflects the Foundation's financial assets reduced by amounts not available for general expenditures within one year as of December 31, 2024:

	2024
Financial assets:	
Cash and cash equivalents	$ 3,475
Accounts receivable, net	7,643
Other receivables	222
Investments	86,132
Financial assets, at year-end	$ 97,472
Less those not available for general expenditures within one year:	
Promises to give, restricted by donors, supporting the mission of The MetroHealth System	$ (3,796)
Original donor-restricted gift, amounts required to be maintained in perpetuity by donor and accumulated investment gains	(35,066)
Less: earnings to be utilized within one year	1,000
Funds functioning as endowment funds	(2,844)
Board-designated funds	(11,782)
Less: board-designated funds expected to be utilized within one year	450
Subject to expenditure for specified purpose	(21,916)
Less: purpose-restricted funds expected to be released within one year	7,000
Investments held in annuity reserves	(556)
	(67,510)
Financial assets available to meet cash needs for general expenditures within one year	$ 29,962

(Dollars in Thousands)

Note 14. Foundation Liquidity and Functional Expenses (Continued)

Functional expenses: The following table presents the natural classification detail of expenses by function. Certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include occupancy on a square footage basis, as well as salaries, wages and benefits, professional services, and other, which are allocated based on time and effort.

	Grantmaking Program	Management and General	Fundraising	Total
Grants and other assistance	$ 9,047	$ -	$ -	$ 9,047
Salaries, wages and benefits	125	436	2,555	3,116
Purchased services	-	224	214	438
Occupancy and related overhead	40	135	772	947
Other	1	159	148	308
Total expenses	**$ 9,213**	**$ 954**	**$ 3,689**	**$ 13,856**

Required Supplementary Information

Schedules of Required Supplementary Information

Schedule of System's Pension Contributions
Ohio Public Employees Retirement System (OPERS) Traditional Pension Plan
Last 10 Fiscal Years
(Dollars in Thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	$ 89,266	$ 84,574	$ 76,382	$ 70,111	$ 66,169	$ 65,221	$ 61,686	$ 54,109	$ 48,676	$ 44,022
Contributions in relation to the contractually required contributions	(89,266)	(84,574)	(76,382)	(70,111)	(66,169)	(65,221)	(61,686)	(54,109)	(48,676)	(44,022)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
System's employee covered payroll	637,614	604,100	545,586	500,793	472,636	465,864	440,614	416,221	405,636	366,850
Contributions as a percentage of employee covered payroll	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	13.0%	12.0%	12.0%

Schedule of System's Pension Contributions
Ohio Public Employees Retirement System (OPERS) Combined Plan
Last 10 Fiscal Years
(Dollars in Thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	$ 2,819	$ 2,849	$ 3,129	$ 3,353	$ 3,051	$ 2,994	$ 2,826	$ 2,391	$ 2,153	$ 1,832
Contributions in relation to the contractually required contributions	(2,819)	(2,849)	(3,129)	(3,353)	(3,051)	(2,994)	(2,826)	(2,391)	(2,153)	(1,832)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
System's employee covered payroll	$ 23,492	$ 23,742	$ 24,069	$ 23,950	$ 21,793	$ 21,386	$ 20,186	$ 18,393	$ 17,943	$ 15,264
Contributions as a percentage of employee covered payroll	12.0%	12.0%	13.0%	14.0%	14.0%	14.0%	14.0%	13.0%	12.0%	12.0%

Schedule of System's Pension Contributions
Ohio Public Employees Retirement System (OPERS) Member-Directed Plan
Last 10 Fiscal Years
(Dollars in Thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	$ 12,436	$ 10,958	$ 9,614	$ 9,107	$ 8,361	$ 7,970	$ 7,696	$ 7,302	$ 6,771	$ 5,558
Contributions in relation to the contractually required contributions	(12,436)	(10,958)	(9,614)	(9,107)	(8,361)	(7,970)	(7,696)	(7,302)	(6,771)	(5,558)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
System's employee covered payroll	$ 124,360	$ 109,580	$ 96,140	$ 91,070	$ 83,610	$ 79,700	$ 76,960	$ 73,021	$ 71,273	$ 58,497
Contributions as a percentage of employee covered payroll	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	9.5%	9.5%

Schedules of Required Supplementary Information

Schedule of System's Proportionate Share of the Net Pension Liability
Ohio Public Employees Retirement System (OPERS) Traditional Pension Plan
Last 10 Measurement Dates
(Dollars in Thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
System's proportion of the net pension liability	3.67%	3.51%	3.49%	3.35%	3.31%	3.26%	3.17%	3.20%	2.95%	2.89%
System's proportionate share of the net pension liability	$ 960,741	$ 1,037,575	$ 304,075	$ 496,483	$ 654,172	$ 892,828	$ 497,132	$ 726,077	$ 510,316	$ 348,619
System's covered-employee payroll	$ 604,100	$ 545,586	$ 500,793	$ 472,636	$ 465,864	$ 440,614	$ 416,221	$ 405,636	$ 366,850	$ 350,890
System's proportionate share of the net pension liability as a percentage of its covered-employee payroll	159.04%	190.18%	60.72%	105.05%	140.42%	202.63%	119.44%	179.00%	139.11%	99.35%
Plan fiduciary net position as a percentage of total pension liability	79.01%	75.74%	92.62%	86.88%	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%

Schedule of the System's Proportionate Share of the Net Pension Asset
Ohio Public Employees Retirement System (OPERS) Combined Plan
Last 10 Measurement Dates
(Dollars in Thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
System's proportion of the net pension asset	5.18%	5.16%	5.26%	4.96%	4.81%	4.72%	4.54%	4.67%	4.20%	3.78%
System's proportionate share of the net pension asset	$ 15,923	$ 12,154	$ 20,737	$ 14,307	$ 10,033	$ 5,282	$ 6,187	$ 2,600	$ 2,046	$ 1,454
System's covered-employee payroll	$ 23,742	$ 24,069	$ 23,950	$ 21,793	$ 21,386	$ 20,186	$ 18,393	$ 17,943	$ 15,264	$ 13,207
System's proportionate share of the net pension asset as a percentage of its covered-employee payroll	67.07%	50.50%	86.58%	65.65%	46.91%	26.17%	33.64%	14.49%	13.41%	11.01%
Plan fiduciary net position as a percentage of total pension asset	144.55%	137.14%	169.88%	157.67%	145.28%	126.64%	137.28%	116.55%	116.90%	114.83%

Schedule of the System's Proportionate Share of the Net Pension Asset
Ohio Public Employees Retirement System (OPERS) Member-Directed Plan
Last 10 Measurement Dates
(Dollars in Thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
System's proportion of the net pension asset	14.97%	14.21%	14.20%	13.98%	13.48%	13.51%	13.47%	13.84%	12.28%	12.33%
System's proportionate share of the net pension asset	$ 1,670	$ 1,111	$ 2,579	$ 2,548	$ 509	$ 308	$ 470	$ 58	$ 47	$ 73
System's covered-employee payroll	$ 109,580	$ 96,140	$ 91,070	$ 83,610	$ 79,700	$ 76,960	$ 73,021	$ 71,273	$ 58,497	not available
System's proportionate share of the net pension asset as a percentage of its covered-employee payroll	1.52%	1.16%	2.83%	3.05%	0.64%	0.40%	0.64%	0.08%	0.08%	not available
Plan fiduciary net position as a percentage of total pension asset	134.44%	126.74%	171.84%	188.21%	118.84%	113.42%	124.46%	103.40%	103.91%	not available

Schedules of Required Supplementary Information

Schedule of System's OPEB Contributions
Ohio Public Employees Retirement System (OPERS)
Last 10 Fiscal Years
(Dollars in Thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	$ 5,444	$ 4,858	$ 4,086	$ 3,643	$ 3,344	$ 3,188	$ 3,078	$ 7,267	$ 11,679	$ 10,274
Contributions in relation to the contractually required contributions	(5,444)	(4,858)	(4,086)	(3,643)	(3,344)	(3,188)	(3,078)	(7,267)	(11,679)	(10,274)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
System's employee covered payroll	$ 785,466	$ 737,422	$ 665,795	$ 615,813	$ 578,039	$ 566,950	$ 537,760	$ 507,635	$ 494,852	$ 440,611
Contributions as a percentage of employee covered payroll	0.7%	0.7%	0.6%	0.6%	0.6%	0.6%	0.6%	1.4%	2.4%	2.3%

Schedule of the System's Proportionate Share of the Net OPEB Asset (Liability)
Ohio Public Employees Retirement System (OPERS)
Last 10 Fiscal Years*
(Dollars in Thousands)

	2023	2022	2021	2020	2019	2018	2017
System's proportion of the net OPEB asset (liability)	4.18%	4.00%	3.98%	3.82%	3.75%	3.71%	3.61%
System's proportionate share of the net OPEB asset (liability)	$ 37,735	$ (25,200)	$ 124,584	$ 68,093	$ (518,601)	$ (483,355)	$(392,047)
System's covered-employee payroll	$ 737,422	$ 665,795	$ 615,813	$ 578,039	$ 566,950	$ 537,760	$ 507,635
System's proportionate share of the net OPEB asset (liability) as a percentage of its covered-employee payroll	5.12%	3.78%	20.23%	11.78%	91.47%	89.88%	77.23%
Plan fiduciary net position as a percentage of total OPEB asset (liability)	107.76%	94.79%	128.23%	115.57%	47.80%	46.33%	54.14%

*The System has presented all years of information since the year 2018 implementation of GASB Statement No. 75.

Factors Significantly Affecting Tends in Required Supplementary Information for OPERS Pension and OPEB Plans

For the year ended December 31, 2024

During the pension plan year ended 12/31/23, cost-of-living assumptions changed for each of the three plans for post-1/7/13 retirees, to 2.30% simple through 2024, then 2.05% simple, from 3.0% simple through 2023, then 2.05% simple. Assumption changes for the OPEB liability valuation included a health care cost trend rate changed to 5.50% initial, 3.50% ultimate in 2038 from 5.50% initial, 3.50% ultimate in 2036 in 2022, a discount rate change to 5.70%, from 5.22%, and the municipal bond rate decrease to 3.77%, from 4.05% in the prior year.

For the year ended December 31, 2023

Beginning January 1, 2022, new members may no longer select the Combined Plan, and current members may no longer make a plan change to the Combined Plan. The plan retains all plan design features with no changes for current participants. Changes in the pension actuarial assumptions include projected salary increases from 3.25%-8.25% to 2.75%-8.25% for the Combined and Member-Deirected Plans. Changes in OPEB actuarial assumptions include the single discount rate changing from 6.00 to 5.22%, the municipal bond rate assumption changing from 1.84% to 4.05%.

For the year ended December 31, 2022

In 2021, a five-year experience study was completed for the period January 1, 2016 through December 31,2020. The OPERS Board adopted changes to the demographic and economic assumptions for pension and healthcare as a result of the study. One key trend in the demographic portion of the study is the continued reduction in disability rates resulting from changes in the disability program that encourage disabled participants to seek rehabilitation and return to work. The most notable changes in economic assumptions were a reduction in the long-term pension investment return assumption from 7.2% to 6.9%, a reduction in the long-term expected wage inflation from 3.25% to 2.75%, and a reduction in long-term expected price inflation from 2.50% to 2.35%. OPEB liability valuation actuarial assumption changes include a municipal bond rate decrease from 2.00% to 1.84%, a wage inflation decrease from 3.25% to 2.75%, a projected salary range decrease from 3.25%-10.75% (includes wage inflation at 3.25%) to 2.75%-10.75% (includes wage inflation at 2.75%), and a health care cost trend rate decrease from 8.50% initial, 3.50% ultimate in 2035, to 5.50% initial, 3.50% ultimate in 2034.

For the year ended December 31, 2021

For the OPERS pension plan year ended 12/31/2020, the cost-of-living adjustments assumptions for the three plans, for post-1/7/13 retirees changed to 0.50% simple through 2021, then 2.15% simple, from 1.40% simple through 2018, then 2.15% simple. There were changes to several assumptions for the OPEB liability valuation during the plan year ended December 31, 2020. The health care cost trend rates decreased from 10.50% initial and 3.50% percent ultimate to 8.5% initial and 3.50% ultimate. The discount rate was increased from 3.16% to 6.00%.

For the year ended December 31, 2020

For the pension plan year ended 12/31/2019, the cost-of-living adjustments assumptions for the three plans, for post -1/7/13 retirees, changed to 1.40% simple through 2018, from 3.00% simple through 2018. There were changes to several assumptions for the OPEB liability valuation; the health care cost trend rates decreased from 10.0% initial and 3.25% ultimate, to 10.5% initial and 3.50% ultimate. The single discount rate was reduced from 3.96% to 3.16%.

For the year ended December 31, 2019

During the pension plan year ended 12/31/18, the investment rate of return changed to 7.20% from 7.50% in the prior plan year. For the OPEB liability rolled-forward measurement date of 12/31/18, the single discount rate changed to 3.96% from 3.85%, the investment rate of return changed to 6.00% from 6.50%, the municipal bond rate changed to 3.71% from 3.31% and the health care cost trend rate assumption changed to 10.00% initial, 3.25% ultimate in 2029, from 7.50% initial, 3.25% ultimate in 2028.

For the year ended December 31, 2018

During the pension plan year ended December 31, 2017, no actuarial assumptions were made.

For the year ended December 31, 2017

During pension plan year ended 12/31/16, a new 5 year experience study ending December 31, 2015 was used. For all three plans, the investment rate of return assumption was changed to 7.50% from 8.00% and wage inflation changed to 3.25% from 3.75%. Projection salary increases changed to 3.25%-10.75% (includes wage inflation at 3.25%) from 4.25%-10-05% (includes wage inflation at 3.75%) for the Traditional plan, and to 3.25%-8.25% (includes inflation at 3.25%) from 4.25%-8.05% (includes inflation at 3.75%) for the Combined and Member-Directed plans. Cost-of-living adjustments for post 1/7/13 retirees after 2018 changed 2.15% simple from 2.80% simple for all three plans.

For the year ended December 31, 2016

During pension plan year ended 12/31/2015, the actuarial pension plan projected salary increases range was changed to 4.25%-8.05% (includes wage inflation at 3.75%) from a range of 4.25%-10.05% (includes wage inflation of 3.00%). The pension cost-of-living adjustments actuarial assumptions were changed for post-1/7/13 retirees to 2.80% simple after 2018 for the plans.

The MetroHealth System
(A Component Unit of Cuyahoga County)

Uniform Guidance Audit Requirements

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To Management and the Audit and Compliance Committee
The MetroHealth System

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of The MetroHealth System (the "System") as of and for the year ended December 31, 2024 and the related notes to the financial statements, which collectively comprise the System's basic financial statements, and have issued our report thereon dated March 26, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the System's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, we do not express an opinion on the effectiveness of the System's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the System's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as Finding 2024-001, that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the System's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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To Management and the Audit and Compliance Committee
The MetroHealth System

The System's Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on the System's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The System's response was not subjected to the other auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the System's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

March 26, 2025

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Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Independent Auditor's Report

To the Audit and Compliance Committee
The MetroHealth System

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited The MetroHealth System's (the "System") compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the System's major federal programs for the year ended December 31, 2024. The System's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the System complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of the major federal programs for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the System and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the System's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the System's federal programs.

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To the Audit and Compliance Committee
The MetroHealth System

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the System's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the System's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the System's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the System's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

To the Audit and Compliance Committee
The MetroHealth System

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Plante & Moran, PLLC

March 26, 2025

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
Research and Development Cluster:				
U.S. Department of Defense:				
Pass-through Program from University of Miami -				
Military Medical Research and Development	12.42	W81XWH2110947	$ -	$ 24,856
Pass-through Program from Johns Hopkins University Bloomberg -				
Military Medical Research and Development	12.42	10054547-01, 2005317722	-	5,907
Pass-through Program from University of Maryland -				
Military Medical Research and Development	12.42	2003879	-	22,889
Pass-through Program from American Burn Association -				
Military Medical Research and Development	12.42	W81XWH-19-664	-	1,064
Subtotal - U.S. Department of Defense - Pass-through Programs			-	54,716
U.S. Department of Health and Human Services:				
Pass-through Program from Palo Alto Veterans Institute for Research -				
Minority Health and Health Disparities Research	93.307	R01MD017063 WOG0009-06	-	79,848
Pass-through Program from University of Southern California -				
Trans-NIH Research Support	93.310	1DP2MH129967-01 SCON-00003300	-	43,877
Pass-through Program from Massachusetts General Hospital -				
Cancer Cause and Prevention Research	93.393	5R01CA248742	-	369,660
Pass-through Program from The University of Alabama at Birmingham/NIH-NHLBI -				
Cardiovascular Diseases Research	93.837	000530812-SC008 R01HL120338	-	55,260
Pass-through Program from Nervive Inc -				
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	U44NS094307-MH01	-	3,879
Pass-through Program from Boston Children's Hospital -				
Allergy and Infectious Diseases Research	93.855	5U01AI143514-04, GENFD0002163653	-	50,421
Pass-through Program from RTI Institute -				
Child Health and Human Development Extramural Research	93.865	888-21-04-14 NICHD-ACT-Now-0003 CIRB#260053	-	4,057
Pass-through Program University North Carolina -				
Child Health and Human Development Extramural Research	93.865	R01HD098127, 5122027	-	6,923
Pass-through Program from Harvard Pilgrim Healthcare -				
IDIQ Contract	93.RD	200-2016-91779	-	94,011
Pass-through Program from University of Pittsburgh -				
IDIQ Contract	93.RD	W81XWH-16-D-0024 AWD0002988-1	-	137,350
Subtotal U.S. Department of Health and Human Services - Pass-through Programs			-	845,286
Total Research and Development Cluster			-	900,002
Healthcare Centers Program Cluster -				
Grants for New and Expanded Services under the Health Center Program	93.527		-	14,325
U.S. Department of Homeland Security (Federal Emergency Management Agency) -				
Pass-through Program from the Department of Public Safety -				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PW 171, PW 423	-	1,720,759
U.S. Environmenmental Protection Agency (EPA) -				
Environmental and Climate Justice Community Change Grants Program	66.616		-	79,557
National Endowment for the Humanities (NEH) -				
Promotion of the Arts Grants to Organizations and Individuals	45.024		-	25,192

See notes to schedule of expenditures of federal awards.

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2024

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
U.S. Department of Health and Human Services:				
Special Programs for the Aging, Title IV, and Title II, Discretionary projects	93.048		$ 115,545	$ 153,714
Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke	93.426		192,112	693,988
Public Health Training Centers Program	93.516		651,714	938,804
Teaching Health Center Graduate Medical Education Payment	93.530		-	282,681
Total U.S. Department of Health and Human Services - Direct Programs			959,371	2,069,187
U.S. Department of Health and Human Services -				
Pass-through Program from the Cuyhoga County Board of Health:				
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	51884, 53029	-	152,713
Injury Prevention and Control Research and State and Community Based Programs	93.136	5NU17CE925005-03-03 1NH28CE003558-01-00	-	307,247
Ending the HIV Epidemic: A Plan for America - Ryan White HIV/AIDS Program Parts A and B	93.686	UT8HA33929	-	316,557
HIV Emergency Relief Project Grants	93.914	H89HA23812	-	1,333,438
HIV Prevention Activities Health Department Based	93.940	PS20-2010 1NU62PS924637-01	-	208,898
Pass-through Program from the Mental Health and Addiction Services Board -				
Opioid STR	93.788	2200411, 2300562, 2300801, 2400666	-	277,650
Pass-through Program from Ohio Department of Health:				
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	6 NU90TP922193-01-01	-	1,215,065
Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	93.391	01830011OI0123	-	55,448
Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health	93.421	51743-4 5 NU38OT000286-05	-	44,000
Paul Coverdell National Acute Stroke Program National Center for Chronic Disease Prevention and Health Promotion	93.810	01830014HD1724 01830014HD1825	-	151,201
Maternal, Infant and Early Childhood Home Visiting Grant Program	93.870	01830011MH0824 01830011MH0925	-	791,785
HIV Care Formula Grants	93.917	01830012RW1323 01830012RW1424	-	235,477
Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	93.988	51743-4 1-NU58DP007411-01-00	-	6,000
Pass-through Program from the Center for Health Affairs -				
National Bioterrorism Hospital Preparedness Program	93.889	01860052RP1623 01860052RP1825	-	27,644
Pass-through Program from University Hospitals -				
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	5 U01IP001181-03-00	-	3,737
Pass-through Program from University Hospitals -				
Mental and Behavioral Health Education and Training Grants	93.732	T2537619	-	181,169
Pass-through Program from City of Cleveland Department of Public Health -				
Healthy Start Initiative	93.926	CT5005-562022-0061 CT5008-SG2023-0068 H49MC00082	-	47,467
Pass-through Program Northeast Ohio Medical University -				
PPHF Geriatric Education Centers	93.969	5U1QHP33073-05, GO274-MMMM	-	19,377
Pass-through Program from Western Reserve Land Conservancy (WRLC) -				
Community Programs to Improve Minority Health	93.137	CPIMP241388	-	17,521
Total U.S. Department of Health and Human Services Pass-through Programs			-	5,392,394
Total U.S. Department of Health and Human Services Programs			959,371	7,461,581

See notes to schedule of expenditures of federal awards.

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2024

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
U.S. Department of Agriculture -				
Pass-through Program from the Ohio Department of Health -				
WIC Special Supplemental Nutrition Program for Women, Infants and Children	10.557	1830011WA1724 1830011WA1825	$ -	$ 3,349,289
Total U.S. Department of Agriculture Pass-through Program			-	3,349,289
U.S. Department of Justice:				
Pass-through Program from the Ohio Attorney General -				
Crime Victim Assistance	16.575	2023-VOCA-135105100 2024-VOCA-135500834	-	529,272
Pass-through Program from the Office of Criminal Justice Services -				
Comprehensive Opioid, Stimulant, and Substance Abuse Program (COSSAP)	16.838	2021-CS-LEF-512A	-	232,249
Total U.S. Department of Justice Pass-through Program			-	761,521
U.S. Department of the Treasury -				
Pass-through Program from the Office of Criminal Justice Services -				
COVID 19: Coronavirus State and Local Fiscal Recovery Funds	21.027	2022-AR-CVI-1	-	410,673
Total expenditures of federal awards			**$ 959,371**	**$ 14,722,899**

See notes to schedule of expenditures of federal awards.

Notes to Schedule of Expenditures of Federal Awards

Year Ended December 31, 2024

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of The MetroHealth System and its controlled entities (the “System”) under programs of the federal government for the year ended December 31, 2024. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the “Uniform Guidance”). Because the Schedule presents only a selected portion of the operations of the System, it is not intended to and does not present the financial position, changes in net position, or cash flows of the System.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The pass-through entity identifying numbers are presented where available.

The System has elected not to use the 10 percent *de minimis* indirect cost rate to recover indirect costs, as allowed under the Uniform Guidance.

Note 3 - Disaster Grants - Public Assistance Program (ALN 97.036)

Included in the Schedule for the year ended December 31, 2024 is $1,720,759 of expenditures incurred under the Disaster Grants - Public Assistance grant (ALN 97.036) in previous fiscal years. The project worksheet for these expenditures was approved in the current fiscal year, and these expenditures have been reported in the current fiscal year in accordance with the reporting requirements outlined in the 2024 *Compliance Supplement*.

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
• Material weakness(es) identified?	X Yes	___ No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	___ Yes	X None reported
Noncompliance material to financial statements noted?	___ Yes	X None reported

Federal Awards

Internal control over major programs:		
• Material weakness(es) identified?	___ Yes	X No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	___ Yes	X None reported
Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?	___ Yes	X No

Identification of major programs:

ALN	Name of Federal Program or Cluster	Opinion
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Unmodified
93.516	Public Health Training Centers Program	Unmodified
10.557	WIC Special Supplemental Nutrition Program for Women, Infants and Children	Unmodified

Dollar threshold used to distinguish between type A and type B programs:	$750,000	
Auditee qualified as low-risk auditee?	___ Yes	X No

Section II - Financial Statement Audit Findings

Reference Number	Finding
2024-001	**Finding Type** - Material weakness

Criteria - The Uniform Guidance (2 CFR 200.502(a)) requires a schedule of expenditures of federal awards (SEFA) that must appropriately determine when federal awards are expended in accordance with the accrual basis of accounting. The determination of when a federal award is expended must be based on when the activity related to the federal award occurs and accurately reflected on the SEFA in the appropriate period.

Condition - The MetroHealth System did not have adequate controls in place to ensure that all transactions were appropriately identified and included on the SEFA based on when the federal awards were expended on an accrual basis.

Context - During our testing of the 93.354 program, we noted four transactions that were not accounted for consistently between the System's basic financial statements and the SEFA. These four transactions were accrued and accounted for as part of the System's December 31, 2023 financial statements, but they were not recorded on the SEFA until 2024. Expenditures totaling $60,612 that were initially accounted for on the 2023 financial statements were ultimately recorded on the 2024 SEFA. It was further noted that, for each transaction tested, the costs were for allowable uses for the program and ultimately fell within the grant's period of performance.

Cause - The MetroHealth System did not have adequate controls in place to ensure that transactions were accounted for consistently between the financial statements and the SEFA.

Effect - As a result, there could be unidentified SEFA expenditures recorded for financial statement purposes that were not recorded in the same SEFA year, which could impact major program determination and result in a SEFA that is either overstated or understated. As part of our testing, we identified expenditures totaling $60,612 that were ultimately recorded on the 2024 SEFA but were initially accounted for on the 2023 financial statements.

Recommendation - We recommend that management implement controls to ensure that the SEFA is prepared on an accrual basis, including consideration of all federal expenditure-related accruals. We additionally recommend that management implement procedures to perform a review at period end to ensure all payroll and accounts payable accruals are properly included on the SEFA.

Views of Responsible Officials and Planned Corrective Actions - Management concurs with this recommendation. In order to enhance the control environment, management is implementing a more robust reconciliation between the SEFA and the financial statements to ensure all federal expenditure-related accruals, including payroll and accounts payable, are recorded on the SEFA in the appropriate period. The reconciliation will include a secondary review and approval to ensure completeness and accuracy. Additionally, the System is formalizing written procedures to ensure a standardized reconciliation process.

Section III - Federal Program Audit Findings

Current Year None

MetroHealth

The MetroHealth System

December 31, 2024

Corrective Action Plan

Finding Number: 2024-001

Condition: During our testing of the 93.354 program, we noted four transactions that were not accounted for consistently between the System's basic financial statements and SEFA. These four transactions were accrued and accounted for as part of the System's December 31, 2023 financial statements, but were not recorded on the SEFA until 2024. There was a total of $60,612 in expenditures that were ultimately recorded on the 2024 SEFA that were intially accounted for on the 2023 financial statements. It was further noted that for each transaction tested, the costs were for allowable uses for the program and ultimately fell within the grant's period of performance.

Planned Corrective Action: Management concurs with this recommendation. In order to enhance the control environment, management is implementing a more robust reconciliation between the SEFA and the financial statements to ensure all federal expenditure related accruals, including payroll and accounts payable, are recorded on the SEFA in the appropriate period. The reconciliation will include a secondary review and approval to ensure completeness and accuracy. Additionally, MetroHealth is formalizing written procedures to ensure a standardized reconciliation process.

Contact person responsible for corrective action: Michele Benos, Manager Grants Accounting

Anticipated Completion Date: October 31, 2025

OHIO AUDITOR OF STATE
KEITH FABER

THE METROHEALTH SYSTEM

CUYAHOGA COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.

Certified for Release 7/10/2025

65 East State Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov